

# SUPPLIER CONDUCT PRINCIPLES

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General Disclaimer:

The Supplier Conduct Principles shall in no way conflict with or modify the terms and conditions of any existing contract. Unless otherwise stated in such contract, in the event of a conflict, Suppliers shall adhere to the contract terms.

# SUPPLIER CONDUCT PRINCIPLES

## 1. INTRODUCTION

Nammo considers ethics and corporate responsibility to be at the heart of its operations and intends to be recognized for holding a high ethical standard. Nammo expects the same from any business partners.

The objective of Nammo's Supplier Conduct Principles is to state the requirement for best business practices, personal conduct and safe working conditions in the entire Nammo supply chain and for all parties (entities and/or persons) that have a direct contractual relationship with and offer products and services to Nammo, hereinafter referred to as "the Supplier(s)".

Nammo's Supplier Conduct Principles are founded on the UN Global Compact's ten principles, the International Labor Organization (ILO) conventions, and Nammo's Ethical Code of Conduct.

## 2. RELATIONSHIP WITH APPLICABLE LAWS

In addition to complying with the provisions of these Supplier Conduct Principles (hereinafter the "Principles"), the Supplier shall comply with all national laws and all laws applicable to the Supplier and its operations. Where the requirements of such applicable laws and the Principles differ, or are in conflict, the Supplier shall comply with the highest standard consistent with applicable laws.

## 3. HUMAN RIGHTS

### 3.1 Principle 1

Protection of Human Rights:

Suppliers are expected to support and respect the protection of internationally proclaimed Human Rights.

### 3.1 Principle 2

Avoid complicity in Human Rights abuses:

Suppliers must ensure that they are not participating in Human Rights abuses.

## 4. LABOR STANDARDS

### 4.1 Principle 3

Freedom of Association<sup>1</sup> and the Right to Collective Bargaining<sup>2</sup>:

All workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively. The employer shall not interfere with, or obstruct, the formation of unions or collective bargaining. Workers' representatives shall not be discriminated and shall have access to carry out their representative functions in the workplace.

Where the right to Freedom of Association and/or Collective Bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of alternative forms of independent and free workers' representation and negotiations.

### 4.2 Principle 4

Modern Slavery and Forced Labor<sup>3</sup>:

The Supplier must not engage in, or support, use of forced Labor. Workers shall not be required to lodge financial deposits or identity documents with their employer and shall be free to leave their employer in accordance with established rules. All forms of modern slavery are unacceptable to Nammo.

### 4.3 Principle 5

Child Labor<sup>4,5</sup>:

The Supplier must not engage in, or benefit from, use of child labor. A child means any person under 15 years of age, unless national laws and regulations stipulate a higher mandatory school leaving or minimum working age, in which case the higher age shall apply. "Child labor" means any work by child, unless it is considered acceptable under the International Labour Organization's Minimum Age Convention 1973 (No.138)

No person under the age of 18 shall be engaged in labor that is hazardous to their health, safety or morals.

### 4.4 Principle 6

Non-discrimination<sup>6,7</sup>:

The Supplier shall promote equality of opportunity and diversity in the workplace. Suppliers must ensure that there are no discrimination at the workplace in hiring, compensation, access to training, promotion, termination or retirement based

<sup>1</sup> ILO Convention No. 87 Freedom of Association

<sup>2</sup> ILO Convention No. 98 Right to Collective Bargaining

<sup>3</sup> ILO Convention No. 29 Forced Labor Convention

<sup>4</sup> ILO Convention No. 138 Minimum Age Convention

<sup>5</sup> ILO Convention No. 182 Worst Forms of Child Labor

<sup>6</sup> ILO Convention No. 100 Equal Remuneration

<sup>7</sup> ILO Convention No. 111 Discrimination – Employment and Occupation

on ethnic background, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

## 5. ENVIRONMENT

### 5.1 Principle 7

Support a precautionary approach to environmental challenges:

The Suppliers shall minimize their environmental impact and continuously improve their environmental performance and ensure that their operations comply with all applicable environmental legislation and prevent and mitigate environmental and health risks (hazardous materials, radiation, etc.)

### 5.2 Principle 8

Undertake initiatives to promote greater environmental responsibility:

The Suppliers shall act in accordance with relevant local and internationally recognized environmental standards.

### 5.3 Principle 9

Environmentally friendly technologies:

The Suppliers shall take a precautionary approach towards environmental challenges, and encourage the development and diffusion of environmentally friendly technologies.

## 6. ANTI-CORRUPTION

### 6.1 Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Nammo expects its Suppliers to work proactively and to develop policies and concrete programs to address corruption internally and within their supply chain. Corruption in any form is unacceptable, including bribery, extortion, kickbacks and improper private or professional benefits, fraud and any other prohibited business practices.

The Supplier shall comply with national laws and regulations and shall not offer, promise or give any undue advantage, favor or incentive to any government officials, international organization or any other third party. This applies regardless of whether the undue advantage is offered directly or through an intermediary as long as the Supplier is under contract with Nammo

## 7. BUSINESS ETHICS AND GOOD PRACTICES

### 7.1 Trade Compliance

The Suppliers must ensure that their business practices comply with all applicable export and import controls, trade sanctions and other applicable trade laws and regulations. This applies to wherever the Suppliers operate, including when they sell, buy, or transfer products, services, technology, and software to/from Nammo. It is the responsibility of the Supplier to provide all required information to the export and import authorities and prevent illegal diversion risks.

### 7.2 Health and Safety

The working environment shall be safe and hygienic, and free from serious recognized hazards, bearing in mind the prevailing knowledge of the industry. Hazardous materials

shall be carefully managed and a written hazard communication program will be maintained to ensure employees understand the hazards to which they are exposed.

Adequate steps shall be taken to prevent accidents and injury arising out of, associated with, or occurring in, the course of work, by minimizing or eliminating the causes of hazards inherent in the working environment.

Workers shall receive medical examinations, when required, and new employee health and safety training, which shall be repeated regularly in accordance with applicable regulations.

### 7.3 REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)

REACH is a Regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

REACH applies to all chemical substances, therefore, the regulation has an impact on most companies across the EU.

Nammo expects its Suppliers and their supply chain to be in accordance with and comply with the REACH Regulation. The Supplier is expected to immediately notify Nammo of any nonconformity to the above.

### 7.4 Wages

The Supplier shall pay a fair and reasonable wage, which at minimum shall comply with applicable legal and industry standards. Suppliers shall communicate pay structure and pay periods to all workers. Suppliers shall pay accurate wages

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in a timely manner. The Supplier shall not use deductions from wages as a disciplinary measure.

### 7.5 Working Hours

Working hours shall comply with, and not exceed, the maximum established under national laws, local laws or collective bargaining agreements. Suppliers shall provide transparency towards all workers if overtime is required and the wages to be paid for it.

### 7.6 Regular Employment

Obligations to employees under international conventions, national laws and regulations concerning regular employment shall not be avoided by using short term contracting (such as contract labor, casual labor or day labor), sub-contractors or other labor relationships. Suppliers shall provide terms of employment to all workers in a language they understand. The duration and content of apprenticeship programs shall be clearly defined.

### 7.7 Indigenous People

Suppliers shall respect the rights of indigenous and tribal peoples and their social, cultural, environmental, and economic interests, including their connection with land and other natural resources. Suppliers should follow the principles of free, prior, and informed consent, and participation to obtain broad-based consent of indigenous and tribal peoples in their activities.

### 7.8 Conflict Minerals

Suppliers must comply with applicable laws and regulations regarding conflict minerals, which include tin, tungsten, tantalum and gold. Additionally, Suppliers should establish a policy to reasonably

assure that tin, tungsten, tantalum and gold, which may be contained in the products they manufacture, do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses. Suppliers should exercise, as may be directed by law, due diligence on the source and chain of custody of these minerals and therefore at a minimum require the same from their sub-tier suppliers.

### 7.9 Money Laundering

The Supplier shall be firmly opposed to all forms of money laundering and shall only conduct business with partners involved in legitimate business activities with funds derived from legitimate sources. The Suppliers shall take reasonable steps to prevent and detect any illegal form of payments, and prevent money-laundering of its financial transactions.

### 7.10 Competition

The Supplier shall under no circumstances cause or be part of any violation of general or special competition regulations, such as illegal cooperation on pricing, illegal market sharing, collusive bidding, price discrimination or any other behavior that is in violation of relevant competition laws.

### 7.11 Gifts, Hospitality and Expenses (Business Courtesies)

The Supplier shall not, directly or indirectly, offer gifts to Nammo employees or representatives or anyone closely related to them, unless the gift is of modest value. Cash or cash equivalents shall not be offered or given.

Hospitality, such as social events, meals or entertainments may be offered if a legitimate business purpose is involved and cost is kept within reasonable limits.

In situations of contract negotiation, bidding, or award, no expenses, hospitality or gifts shall be offered or received. Travel expenses for the individual representing Nammo, shall be paid by Nammo.

### 7.12 Disclosure of Information

Information regarding business activities, structure, financial situation and performance shall be disclosed in accordance with applicable regulations and prevailing industry practices.

For Suppliers of components for military products, management and each individual employee should maintain full transparency, bearing in mind that they are part of the value chain in the Defense Industry.

### 7.13 Intellectual Property Rights Shall be Protected

The transfer of technology and know-how shall be done in a manner that protects Intellectual Property Rights.

### 7.14 Privacy, Freedom of Expression and Data Protection

The Supplier shall appropriately recognize and respect privacy and freedom of expression within the Supplier's operations.

The Supplier shall use due skill, care and diligence and implement adequate and documented security controls and take necessary precautions to protect any data against unauthorized or unlawful processing and against accidental loss, destruction, damage, alteration or disclosure.

If the Supplier processes personal data, the Supplier shall ensure the care and awareness required according to laws and regulations in order to safeguard the interests of the data subjects.

### 7.15 Counterfeit Parts

The Supplier shall not deliver Counterfeit, suspect-Counterfeit, or sub-standard Goods to Nammo, and shall only purchase or source Items directly from Original Component Manufacturers (OCM) and/or Original Equipment Manufacturer (OEM), authorized distributors or aftermarket manufacturers. Use, purchase or the sourcing of Items from non-OCM or OEM authorized independent distributors or brokers are not permitted unless first approved in writing by Nammo.

The Supplier shall maintain a method of traceability that ensures tracking of the supply chain back to the manufacturer of all supplied items.

Nammo expects that all Suppliers of military products will work actively to have the appropriate prevention policies and procedures in place to detect and avoid counterfeit parts in their organization.

### 7.16 Sanctions, Denied Parties Lists or Embargoed Countries

Suppliers shall at all times take reasonable steps to ensure that neither they nor their suppliers are involved in business with parties that are subject to any relevant sanctions, denied parties lists, or embargoed countries. Nammo shall immediately be notified of any noncompliance.

### 7.17 Conflict of Interest

Nammo expects its Suppliers to avoid conflicts of interest or situations giving the appearance of a potential conflict of interest in their dealings with Nammo. Nammo understands that such actual or potential conflicts may arise in the course of business from time to time, in which case Nammo expects its Suppliers to timely disclose them to Nammo and all other affected parties.

### 7.18 Consequences of Non-Compliance

Nammo expects that its Suppliers, upon receiving reasonable notice, will give Nammo access to relevant premises and documentation to verify compliance with the Supplier Conduct Principles.

If a Supplier fails to meet the expectations as set out in the Supplier Conduct Principles, Nammo's general approach is to encourage improvement. Critical deviations or repeated unwillingness to make improvement, however, may jeopardize the Supplier's relationship with Nammo.

## 8. NAMMO'S INTENT

### 8.1 Supplier Relationship

Nammo is dedicated to Supplier relationships built on a foundation of good business practices, impartiality and mutual respect. Nammo considers a part of their relationship with every Supplier to be based on mutual respect and a commitment to pursue excellence in complying with each principle listed above.

### 8.2 Supplier Responsibility

Suppliers have the responsibility to conduct their business, partnerships and relationships in a manner that complies with the principles listed above. They are also responsible for ensuring that their sub-tier Suppliers are operating according to the same standards.

Suppliers are expected to communicate the requirements of these Principles to all workers, suppliers and sub-contractors engaged in their supply chain.

### 8.3 Nammo's Commitment

Nammo is committed to working with their Suppliers to ensure compliance with these Principles. A selection of Suppliers will be subject to annual reviews by Nammo.

### 8.4 Exceptions

In cases where national laws or regulations are considered to have the same intent and effect as these principles, Nammo may consider them adequate to meet Nammo standards.

### 8.5 Reporting Irregularities to Nammo

If the Supplier, its employees, its contractors, or any other stakeholder, believes that the terms of the Nammo Supplier Conduct Principles are not adhered to, or that Nammo is not acting in accordance with its own Supplier Conduct Principles or Ethical Code of Conduct, Nammo encourages such concerns to be raised via its reporting channel [ethics@nammo.com](mailto:ethics@nammo.com).

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Nammo

Nammo AS  
P.O. Box 142  
NO-2831 Raufoss  
Norway

[www.nammo.com](http://www.nammo.com)