

Minimum Requirements

Date / version: 2019-09-17, v6

NilsonGroup's Minimum Requirements

Listed below are the Minimum Requirements of NilsonGroup.

All suppliers to NilsonGroup are required to meet the Minimum Requirements at all times.

The responsibility to assure that the Minimum Requirements are met before entering a cooperation with a new supplier lies with NilsonGroup's Code of Conduct Coaches, the NilsonGroup Far East Office Manager, or any other member of the staff with competence to assess that the requirements are met.

The responsibility to follow up the Minimum Requirements and confirm that these are continuously met lies with NilsonGroup's Code of Conduct Coaches together with the Sustainability and Production Department.

The Minimum Requirements are stated as follows:

1. No child labour

- Explanation; Factory shall ensure that no children work in the factory.

No person shall be employed at an age younger than 15 years. In countries where the local law is more stringent the local law shall be followed.

a) We require full and correct identification verification on all employees, including copies of ID-cards.

b) Additional requirement for Vietnam: copies from family book notarized by local authorizer.

2. No forced labour

- Explanation; Factory shall ensure that employment is voluntary at all times and employees shall be allowed to leave the factory freely at any time after work.

Original identification documents must not be held by the factory. No use of forced labour (for example prison labour, bonded labour or similar) is accepted.

a) Original documentation such as ID-cards or passports must not be held by the factory.

b) As part of the documentation we require application letters and labour contracts signed by the employees.

c) Workers shall be able to leave their workplace for private reason without any form of limitation (for example toilet card, sign-off to leave, yellow flag etc.).

3. No deposits or illegal deductions from wages

- Explanation; Factory shall ensure that salaries are correct and fair.

a) Deductions for protective equipment, first aid material, tools or drinking water are not acceptable.

b) We do not accept any case of deduction for ensuring the target working days in a month, or target productivity.

c) All employees in the factory have the right to use materials in the first aid kits for purpose of first aid for him/herself without any fee.

d) All training courses required by law or with the intention to increase awareness or skills of employees shall be provided without any fee.

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4. No discrimination

- Explanation; Factory shall ensure that all employees are treated equally and fair.

There shall be no deviations in compensation, benefits, hiring procedure, job assignment, retirement provisions, access to services etc. between employees in regard to age, caste, ethnic, national origin, gender, disability, membership in free and independent workers' organizations (including free and independent unions and political affiliation), religion, sexual orientation, social background or other personal characteristics.

Any document, policy, announcement, speech, or action that is violating this requirement will be considered as a form of discrimination.

- a) A no-discrimination policy must be clearly written and outspoken to all employees.
- b) Factory shall ensure that pregnant women will not be fired nor mistreated in the factory.

5. Clean drinking water shall be available for all floors and dormitories

- Explanation; Factory shall ensure that drinking water will cause no potential health risk to employees.

Filtered water shall be provided and tested for approval regularly.

- a) We require approved test report of the drinking water.

Test report for bottled water could not be used for tap water (boiled water).

Two tests are required; microorganism and physicochemical test as per legal requirements.

The test reports are valid as per legal requirements or maximum for one year.

- b) Drinking water must be taken from tap. Scooping drinking water from bins is not acceptable.

6. First aid boxes shall be clearly marked and include necessary first aid material

- Explanation; Factory shall ensure that necessary first aid equipment is always available.

First aid boxes shall at least contain adhesive bandages, tape, gauze bandages, disposable gloves, first aid cream, alcohol, antiseptic wipes and instant cold pack.

- a) First aid boxes shall be available on every floor and kept unlocked for easy access to workers.
- b) First aid boxes shall also be available at dormitory- minimum one box at the dormitory management room.

7. Emergency exits and escape routes shall be free and enlightened

- Explanation; Factory shall ensure that buildings can be evacuated urgently and easily in case of fire or emergency.

All exits including those leading to emergency exits shall be unblocked and floors shall be easy to access.

- a) Exit routes as explained above must be unblocked at all times
- b) Emergency exit lights shall function at all times.
- c) Marking of emergency exits shall be clear.
- d) There must be a sufficient number of emergency exits and the width of the exit route shall be in accordance with local legislation.
- e) Emergency exits shall also be available at dormitories.

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8. Fire extinguishers and fire equipment shall be available in sufficient numbers and at appropriate locations

- Explanation; Factory shall ensure that there are adequate and sufficient equipment for firefighting in all buildings belonging to the factory, including fire extinguishers and other necessary fire equipment.

Factory shall follow local legislation for the number of fire extinguishers on each work floor.

a) Fire extinguishers shall have correct pressure and there should be records of regular inspection at each fire extinguisher.

b) Fire extinguishers must be correctly installed, for example the height of installation should be correct according to recommendations, safety pins should be in good condition, extinguishers must not be hung using the safety pin as hook.

c) Fire extinguishers and other fire equipment must be unblocked and easy to reach at all times.

d) Fire extinguishers and other fire equipment shall be available also at dormitories.

If there are any deviations from the Minimum Requirements, actions will follow the plan below:

Action plan for deviations from the Minimum Requirements

For failed compliance on NilsonGroup's Minimum Requirements no. 2-8 following actions will be taken:

New supplier

- NilsonGroup will not proceed with the cooperation.

Current supplier

1. A corrective action plan (CAP) is shared with the supplier/factory and a new check is carried out within two weeks to confirm that all requested improvements have been made.
2. If improvements have not been made according to the CAP: NilsonGroup will stop all new projects with the factory. A new check is performed within three weeks.
3. If improvements have not been made: NilsonGroup will support factory with two more weeks for improvements before starting to cancel already placed orders. A new check is performed within two weeks.
4. If improvements have not been made: NilsonGroup will terminate all cooperation with the factory and put a block on the factory in the order system for a minimum of one year.

The action plan for non-compliance with NilsonGroup's Minimum Requirements is provided and carried out by NilsonGroup's Code of Conduct Coaches together with the Sustainability and Production Department.

Minimum Requirements - responsibilities

All NilsonGroup staff members are responsible to assure that suppliers comply with our Minimum Requirements.

The responsibility to follow up the Minimum Requirements and confirm continuous compliance lies with the Code of Conduct coaches and the Sustainability and Production Department. If a factory is located in such place that we are unable to make the necessary follow-up visits, the factory has to send pictures and information showing the improvements done on each point in the CAP.

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Separate action plan for child labour

Non-compliance with NilsonGroup Minimum Requirement number 1 addressing child labour calls for the supplier company to immediately respond to any case by following the NilsonGroup policy for child labour.

- If child labour is found:
 - Three months' salary in addition to any outstanding salary must be paid to the child.
 - Travel expenses for the child to return home must be paid.
 - The child shall be offered to return to work when the legal age is reached.
 - In order to set up a system that prevents future child labour incidents, human resources manager plus any higher manager must attend recruitment policy training organized by NilsonGroup.
 - If factory does not accept or fail to follow the action plan, NilsonGroup will withdraw all new projects and refrain from placing new orders until factory meets up with the action plan.
- If child labour is found a second time (within a period of two years from the first finding):
 - Three months' salary in addition to any outstanding salary must be paid to the child.
 - A 5000RMB/10,000,000VND fee, for every month the child has been employed must be paid. This money must be directly paid out by the factory to a local charity chosen by NilsonGroup.
 - Travel expenses for the child to return home must be paid.
 - The child shall be offered to return to work when the legal age is reached.
 - In order to set up a system that prevents future child labour incidents, human resources manager plus any higher manager must attend recruitment policy training organized by NilsonGroup.
 - If factory does not accept or fail to follow the action plan NilsonGroup will withdraw all new projects and refrain from placing new orders until factory meets up with the action plan.
- If child labour is found (within a period of two years from the second finding):
 - Three months' salary in addition to any outstanding salary must be paid out to the child.
 - Travel expenses for the child to return home must be paid.
 - Factory is out. NilsonGroup will not place orders with the factory and cooperation will be terminated. NilsonGroup will to the extent possible follow up on the situation with all suppliers and other companies engaged in business with the concerned factory.

Should any case of child labour be found, the child must be removed from the workplace immediately. Compensation as per above shall be handed over and signed the same day in the presence of a representative from NilsonGroup. The child must under all circumstances be treated in a fair and respectful manner.

Setting up and introducing corrective actions for non-compliance with NilsonGroup Minimum Requirements shall always involve NilsonGroup Code of Conduct coaches and / or the Sustainability and Production Department.