

Policy for sustainable business

Passed by the Norlux board. Last modified March 23, 2023.

INTRODUCTION

Norlux strives to have a sustainable business practice that respects people, society and the environment. This policy document, including principles of sustainable business practice, forms the basis of our sustainability work.

Norlux considers sustainable business practices to be a prerequisite for sustainable development, so that today's generations can sustain their needs met without destroying the ability of future generations to meet their own needs.¹

Norlux is a, supplier, consultant and partner of lighting solutions for today and the future. Norlux contributes to a sustainable society through development and innovative lighting solutions. The UN's Sustainable Development Goals is a global joint action plan for sustainable development.

Norlux has chosen to have a particular focus on the following sustainability goals

- 3: Good Health and Quality of Life.
- 12: Responsible Consumption and Production.
- 17: Partnership for the Goals.

As a member of the Ethical Trade Norway, Norlux undertakes to work actively with due diligence assessments for sustainable business practices.² Due diligence assessments are a risk-based approach to respecting and safeguarding people, society and the environment in our own business and in the entire supply chain.

We expect our suppliers and partners to follow the same approach.

REQUIREMENTS FOR OUR OWN BUSINESS

Norlux sees potential to provide positive developments in the supply chain and based on this, we have prepared the following principles and requirements for our own business.

DUE DILIGENCE ASSESSMENTS

Norlux must carry out due diligence assessments for sustainable business practices. That is to say: carry out own risk assessments of possible negative impact on people, society and the environment, and stop, prevent and reduce any such impact. The measures are monitored and assessed for their effect, and communicated to those affected. Where our activities cause or contribute to a negative impact on people, society or the environment, we must stop this activity, and we will seek to restore the damage. Where the supplier is responsible for the negative impact/damage, the supplier is also responsible for recovery.³

¹ The Brundtland Commission, "Our common future", 1987

² UN OHCHR, Guiding Principles on Business and Human Rights (UNGPR), 2011; OECD, "Due Diligence Guidance for Responsible Business Conduct", 2018.

³ OECD contact point for responsible business, "OECD's guide for due diligence assessments for responsible business - an introduction", 2018.

RESPONSIBLE PROCUREMENT PRACTICES

Norlux will carry out due diligence assessments for sustainable business practices.

That is putting together risk assessments of possible negative impacts on people, society and the environment, and stop, prevent and reduce any such influence. The measures are monitored and assessed for their effect and communicated to those affected.

Any activities that cause or contribute to a negative impact on people, society or the environment, must stop and we will seek to restore the damage. Where the supplier is responsible for the negative impact or damage, the supplier is also responsible for the recovery. We will strive for long-term supplier relationships with suppliers who show a particular willingness and ability to work with positive development in the supply chain.

FREE PROFESSIONAL ORGANIZATION AND WORKER REPRESENTATION

Norlux supports the right to free trade union organization and other forms of democratically elected worker representation. We will involve worker representatives and other relevant stakeholders in our work with sustainability business practices.

SUPPLIER DEVELOPMENT AND PARTNERSHIP

In dialogue with suppliers, we will, if necessary, consider contributing with relevant skills development or resources, such as, enables our suppliers to comply with Norlux's requirements for conditions in the supply chain. In this way, we provide the basis for good cooperation with suppliers who show willingness and ability to work with positive development for people, society and the environment in the supply chain.

ANTI-CORRUPTION

Norlux, including employees, will not offer or receive illegal or improper monetary or other gifts to obtain business or private benefits for oneself or benefits for customers, agents or suppliers.

COUNTRIES UNDER TRADE BOYCOTT

Norlux, including our suppliers and partners, will avoid trading partners who have activities with countries, which has been subject to a trade boycott by the UN and/or the Norwegian authorities.

REQUIREMENTS FOR RELATIONSHIPS IN THE SUPPLIER CHAIN

We expect our suppliers and partners to work purposefully and systematically in compliance with our guidelines, including principles for sustainable business practices, which cover the basics requirements for human rights, labour rights, anti-corruption, animal welfare and the environment.

Our suppliers are required to:

- Follow the guidelines for suppliers <https://norlux.com/en/sustainability/transparency-act/>, including principles for sustainability business practices.
- Actively work with due diligence assessments, that is, make your own risk assessments for negative impact on people, society and the environment, and stop, prevent and reduce such impact. The measures must be monitored and evaluated the effect of and communicated to those affected. Where the supplier is responsible for the negative impact/damage, the supplier is responsible for the recovery.⁴
- Show willingness and ability to continuously improve for people, society and the environment through cooperation.

⁴ OECD contact point for responsible business, "OECD's guide to due diligence assessments for responsible business - an introduction", 2018

- At the request of Norlux, be able to document how they themselves, and possibly subcontractors, work to comply with the guidelines.

If the supplier, after repeated inquiries, does not show the will or ability to comply with the guidelines for suppliers, termination of the contract may occur.

PRINCIPLES FOR SUSTAINABLE BUSINESS PRACTICES (CODE OF CONDUCT)

These principles for sustainable business practices are based on the UN and ILO conventions and specify minimum and not maximum standards. The legislation at the place of production must be respected. Where national laws and regulations cover the same topic as these guidelines, the highest standard shall apply.

1. Forced labour/slave labour (ILO Convention No. 29 and 105)

- 1.1. There must not be any form of slave or involuntary labour.
- 1.2. Workers and employees shall not have to deliver a deposit or identity papers to the employer and shall be able to freely terminate the employment with reasonable notice.

2. Trade union organization and collective bargaining (ILO Convention No 87,98,135 and 154)

- 2.1. Workers and employees shall, without exception, have the right to join or establish trade unions of their own accord, and to bargain collectively. The employer must not interfere with, prevent or oppose trade union organization or collective bargaining.
- 2.2. Trade union representatives must not be discriminated against or prevented from carrying out their trade union work.
- 2.3. If the right to free organization and/or collective bargaining is limited by law, shall the employer facilitate, and does not prevent, alternative mechanisms for free and independent organization and negotiation.

3. Child labour (UN Convention on the Rights of the Child, ILO Convention No. 138, 182 and 79, ILO Recommendation No.146)

- 3.1. The minimum age for workers must not be less than 15 years and in line with the national minimum age for employment, or minimum age for compulsory school attendance, with the highest age applicable. If the local minimum age is set at 14 years in line with the exception in ILO Convention 138, this can be accepted.
- 3.2. New recruitment of child labour in violation of the above-mentioned minimum age shall not take place.
- 3.3. Children under the age of 18 years must not perform work that is harmful to their health, safety or morals, including night work.
- 3.4. Action plans must be established for the rapid phasing out of child labour that is in breach of the ILO conventions 138 and 182. The action plans must be documented and communicated to relevant staff and other stakeholders. Arrangements must be made for support schemes where children are given the opportunity for education until the child is no longer of compulsory school age.

4. Discrimination (ILO Convention No. 100 and 111 and the UN Convention on Discrimination against Women)

- 4.1. There shall be no discrimination in terms of employment, remuneration, training, promotion, dismissal or retirement based on ethnicity, caste, religion, age, disability, gender, marital status, sexual orientation, trade union work or political affiliation.
- 4.2. Protection must be established against sexually intrusive, threatening, insulting or exploitative behaviour,

and against discrimination or dismissal on unfair grounds, e.g., marriage, pregnancy, parentage or status such as, HIV infection.

5. Brutal treatment (Human Rights Declaration/UDHR)

5.1. Physical abuse or punishment, or the threat of physical abuse, is prohibited. The same applies for sexual or abuse and other forms of humiliation.

6. Health, Environment and Safety (ILO Convention No. 155 and Recommendation No. 164)

6.1. Efforts must be made to ensure workers and employees a safe and healthy working environment. Hazardous chemicals and other substances must be handled properly. Necessary measures must be taken to prevent and minimize accidents and health damage as a result of, or related to, conditions at the workplace.

6.2. Workers must have regular and documented training in health and safety. Health and safety training must be repeated for newly employed and redeployed workers.

6.3. Workers must have access to clean sanitary facilities and clean drinking water. If relevant, the employer must also provide access to facilities for the safe storage of food.

6.4. If the employer offers accommodation, this must be clean, safe, adequately ventilated and with access to clean sanitary facilities and clean drinking water.

7. Salary (ILO Convention No. 131)

7.1. Wages for workers and employees for a normal working week must at least be in line with national minimum wage regulations or industrial standards, whichever is higher. The salary must always be sufficient to cover basic needs, including some savings.

7.2. Pay conditions and payment of wages must be agreed in writing before the work/employment begins. The agreement shall be understandable to the worker/employee.

7.3. Deductions from wages as a disciplinary reaction are not permitted. Wages (ILO convention no. 131)

8. Working Hours (ILO Convention No. 1 and 14)

8.1. Working hours must be in line with national laws or industrial standards, and not exceed working hours in compliance with applicable international conventions. Normal working hours per week should not normally be exceeded 48 hours.

8.2. Workers/employees must have at least one day off per 7 days.

8.3. Overtime must be limited and voluntary. The recommended maximum overtime is 12 hours per week, i.e., in total working hours of 60 hours per week. Exceptions to this can be accepted if it is regulated by a collective agreement or national law.

8.4. Workers must always receive overtime pay for working hours exceeding normal working hours (see article 8.1 above), minimum in line with applicable laws.

9. Regular employment

9.1. Obligations towards workers/employees, in line with international conventions, national laws and rules on regular employment must not be circumvented using short-term engagements (such as the use of contract workers, temporary workers and day workers), subcontractors or other employment relationships.

9.2. All workers/employees are entitled to an employment contract in a language they understand.

9.3. Apprenticeship programs must be clearly defined regarding the duration and content.

10. Marginalized population groups

10.1. The production and use of natural resources must not contribute to destroying the resource and income base for indigenous peoples or other marginalized population groups, for example by confiscating large areas of land, unjustifiably use of water or other natural resources that the population groups depend on.

11. Environment

11.1. Negative environmental impact must be reduced throughout the supply chain. In line with the precautionary principle, it must continuously minimize emissions of greenhouse gases and local pollution, use of harmful chemicals, pesticides and to ensure sustainable resource extraction and management of water, sea, forest and land, and conservation of biological diversity.

11.2. National and international environmental legislation and regulations must be complied with, and relevant emission permits must be obtained.

12. Corruption

12.1. All forms of bribery are unacceptable, such as the use of alternative channels to ensure illegitimate private or work-related benefits to customers, agents, contractors, suppliers or their employees as well as public servants/women.

13. Animal welfare

13.1. Animal welfare must be respected. Measures should be taken to minimize the negative impact on production and working animal welfare.

13.2. National and international animal welfare legislation and regulations must be complied with.

