

PTG AS Code of Conduct

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1. Background

PTG AS is committed to the fundamental principles on human rights, labour rights, the environment and the fight against corruption throughout our operations. This also includes building sustainable relationships with our suppliers.

PTG AS's supply chain is wide stretching, involving many suppliers that directly or indirectly supply products, raw materials and services to the business. PTG AS engages its suppliers, employees and contractors to help promote ethical business and products that are manufactured under fair working conditions.

PTG AS's Supplier Code of Conduct sets the minimum standards by which business partners who produce or supply goods and services for us must follow. It applies to all our suppliers that are expected to act in a way that is consistent with our principles and values. Likewise, our employees must hold suppliers they work with accountable for acting in a manner that is consistent with our Supplier Code of Conduct. The requirements in this Code of Conduct is based upon the UN Global Compact's principles and on the guiding standard ISO 26000 Social Responsibility in the areas of human rights, labour, environment and anti-corruption (please see www.unglobalcompact.org for more information).

Our expectations for supplier conduct in purchase contract terms and conditions states our stance against any use of child labour or any other form of forced labour, abusive treatment of employees or corrupt business practices in the supplying of products and services to us. The contracts lay out expectations for lawful compliance with data protection and privacy, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health/safety. By becoming suppliers, the companies accept our terms and conditions that are included our Supplier Code of Conduct, and from our suppliers for own brands we also expect that they annually report compliance with these standards of our contract. All Business Partners must ensure that their subcontractors do not violate these standards by as well as establishing and documenting suitable control mechanisms.

2. Overarching frameworks

PTG AS bases our requirements mainly on internationally recognized standards such as the Universal Declaration of Human Rights, The UN Convention on the Rights of the Child, applicable International Labor Organization ("ILO") Conventions, and national legislation. The internationally recognized standards that have helped inspire the content of this code are listed below and we suggest our suppliers familiarize themselves with these conventions and their contents. Our requirements are applicable irrespective of the ratification by the local country of the relevant supplier.

- 1948 Universal Declaration of Human Rights (UDHR);
- United Nations Guiding Principles on Business and Human Rights;
- Effective abolition of child labor (ILO Convention 138 and 182);
- Elimination of all forms of forced or compulsory labour (ILO Convention 29 and 105);
- Elimination of discrimination in respect of employment (ILO Convention 100 and 111);
- Freedom of association and the effective recognition of the right to collective; bargaining (ILO Convention 87 and 98);
- Right to Organize and Collective Bargaining ILO Convention (C. 98-1949);
- Rio Declaration, Agenda 21;
- UK Modern Slavery Act;
- United Nations Global Compact.

2.1. Implementation and Code of Conduct Compliance

PTG AS expects that suppliers and their subcontractors shall conduct their business according to the highest standards, principles and norms described in this Code of Conduct.

PTG AS will follow up the compliance with the requirements described in this Code of Conduct; this includes the right for on-site visits (e.g. compliance audits).

PTG AS is willing to actively support suppliers and their subcontractors in the interpretation of the principles and requirements set in this Code. PTG AS expects that suppliers communicate this Code of Conduct to employees and subcontractors of all suppliers in a manner that is understood by all. In some cases, political or cultural circumstances may make it difficult to comply with certain requirements specified in this code. We expect from our suppliers to communicate such cases and PTG AS will be open to discuss alternatives.

2.2. Compliance with Laws and Regulations

The PTG AS's suppliers and their subcontractors shall comply with laws and regulations in the country where they operate. If any requirement specified in this Code should be in conflict with the law of the country of operation, the law shall take precedence.

Each supplier and their subcontractor are responsible for that all employees receive enough information and training in relation to all relevant legal, regulatory and internal requirements applying to their employments.

2.3. Management Systems and Systematic Work

PTG AS encourages suppliers and their subcontractors to work according to and/or be certified against an internationally recognized Environmental Management System, such as ISO 14001 or equivalent; a Quality Management System, such as ISO 9001 or equivalent; Safety and Health management system, e.g. OHSAS or equivalent; ISO 26000: Guidance on Social Responsibility and the Social Accountability Standard SA 8000 or equivalent.

3. Supplier Environmental and Business Ethics Requirements

3.1. Basic Employment Rights

All suppliers and their subcontractors shall follow the Basic Employment Requirements stated below.

3.1.1. Equality and Discrimination

No form of discrimination on the ground of race, gender, maternity, age, religion, political opinions, national origin, social origin, sexual preference or other comparable grounds shall occur at the workplace or in any business relations. There shall be no such discrimination in relation to activities such as recruitment, salary, training, promotion, and dismissal at the workplace.

In addition, all employees and subcontractors shall adhere to and be threatened with equal rights, at the workplace and in business relations.

With reference to the ILO Conventions No. 100 and 111 and the UN Convention on Discrimination Against Women

3.1.2. Employment Contracts

PTG AS only work with suppliers that are identifiable and legally recognized employers that use recognized employment relationship within an appropriate institutional and legal framework. Working conditions in PTG AS's supply chain shall meet international labor standards or national labor law and only those workers who possess a valid work permit shall work. Forced work or compulsory work must not occur and it is important that workers receive continuous salary for work performed, that they are entitled to take holiday and to terminate their employment with salary for work performed. Employees working for suppliers are supposed to be provided the social and labor protection that they are entitled to receive by national labor law.

Employees are entitled to a written employment contract where employment terms and conditions are stated. Disguised employment relationships, where workers in its supply chain are falsely considered to be self-employed or where there is no legally recognized employer is not endorsed by PTG AS.

Overtime shall not be used to replace regular employment. The contract shall include basic employment conditions such as position, salary, working hours, and tasks.

With reference to the Universal Declaration of Human Rights Article 23:3

3.1.3. Forced Labour, Harassment and Disciplinary Measures

PTG AS does not accept forced and/or bonded labour.

Corporal punishment or the threat thereof, unreasonable disciplinary measures, mental or physical intimidation, verbal abuse, sexual or other harassment and violations of an employee are completely unacceptable.

With reference to the ILO Conventions No. 29 and 105

3.1.4. Child Labour

PTG AS is a responsible partner and carefully considers the aspect of unlawful conduct or the occurrence of child labour. Where not stated otherwise in local legislation, persons younger than 15 years of age shall be considered as children and persons below 18 years of age shall be considered as young persons. Children shall be protected from economic exploitation and from performing work that may interfere with the education of the child.

If a supplier employs persons between the age of 15 and 18, these young persons shall not be allowed to perform any hazardous work, including night.¹

If children work as apprentices or trainees, in accordance with the employment legislation of the country of operation, they must be afforded protection against any and all exploitation. Furthermore, the employer must secure that the work is not interfering with the education of the child, the apprenticeship is limited to a few hours per day, the work is light and clearly aimed for training and that the child is compensated. Proof of age must be reviewed prior to employment, and documentation maintained.

With reference to the UN Convention on the Rights of the Child, the ILO Conventions No. 79, 138, 182 and the ILO Recommendation No. 146

3.1.5. Wages and Working Hours

Employees with the same experience and qualifications shall receive equal pay for equal work and equal opportunities.

The statutory minimum wage is the lowest acceptable; however, we encourage our suppliers to ensure living wages for their employees. Wages must be paid regularly and on time. Overtime must be in accordance with national law. Deduction from wages as a disciplinary measure shall not be permitted.

All employees should be entitled to a payslip clearly stating all wages including overtime compensation, hours worked, benefits, legal deduction, bonuses and other relevant posts in a comprehensible manner.

Working hours for suppliers' employees will not exceed the maximum set by the applicable national law. In case no such requirements exist, PTG AS as a procuring company recommend that working hours not exceed sixty hours per week (12 hours per day) including overtime. In addition, we recommend that employees are allowed at least one uninterrupted day off per week or two days off in every 14-day period, and shall receive paid annual leave.

With reference to the ILO Convention No. 131 and the ILO Conventions No. 1 and 14

3.1.6. Leave and Sick Leave

All PTG AS's employees and subcontractors shall be granted their relevant legal rights such as annual leave, sick leave and maternity/paternity leave without any form of repercussions or harmful consequences.

With reference to the Universal Declaration of Human Rights Article 23:3

¹ For more information, please visit: <http://www.ilo.org/ipecc/facts/ILOconventionsonchildlabour/lang--en/index.htm>

3.2. Sound business practices

PTG AS requires that all our business partners and suppliers conduct their business in compliance with internationally agreed standards of business ethics and all applicable anti bribery and anticorruption laws. The business partners shall not give, offer, agree or promise to give any benefits of value to obtain any undue or improper advantages.

3.2.1. Management systems and due diligence

PTG AS believes in transparency and extend an and ongoing invitation to our business partners to seek dialogue for building sustainable solutions to problems that might emerge. Suppliers and business partners are expected to implement all necessary rules and regulations, including tax law, as well as to keep necessary documentation so as to be able to ensure compliance with the principles set forth in this Code of Conduct and relevant legislation. This includes a functioning monitoring system indicating clear responsibilities and processes and where needed proper monitoring and auditing programs for suppliers' own value chain. The functioning and quality of the supplier's own management system should be in proportion to the size, complexity and risk environment of the supplier's business. Suppliers should secure and monitor that their own suppliers and sub-suppliers comply with this Code or, where applicable, their own equivalent code of conduct. PTG AS reserves its rights to investigate these management systems upon request and to undertake due diligence of suppliers and their network of companies.

3.2.2. Corrective audits

Audits aim to identify gaps between the contents of this Code of Conduct and the actual practices and conditions on the ground. During audits PTG AS demands full access to all areas of the premises, to all documents and to all employees for interviews. We also demand the right to provide employees with our contact details.

The audited partner will be given the opportunity to propose and implement a corrective action plan. PTG AS will follow up the implementation of the plan and verify that violations have been seen to. A supplier or business partner failing to undertake sustainable improvements within the stipulated time frame would jeopardize its relationship with us. Unwillingness to cooperate or repeated serious violations of this Code and/or local law may lead to reduced business and ultimately termination of our business relationship.

3.2.3. Whistleblowing and reporting of irregularities

In the context of the supplier / business relationship, if the supplier, its employees, its contractors, or any other stakeholder believes that the terms of this PTG AS Code for suppliers are not being adhered to are not adhered to, or that PTG AS is not acting in accordance with its own Code of Conduct, we encourage that all such concerns to be raised via the reporting channel.

3.3. Human Rights

3.3.1. Human Rights

PTG AS expects its suppliers and their subcontractors to support and respect the protection of internationally proclaimed human rights and to ensure that they are not involved in human rights abuses.

3.3.2. Freedom of Association and Collective Bargaining

PTG AS expects its suppliers and their subcontractors to recognize and respect the rights of employees to form and join trade unions of their choice and to negotiate collectively. In situations or countries in which the law restricts the rights regarding freedom of association and collective bargaining, parallel means of independent and free organisation and bargaining shall be facilitated for all employees. It shall be ensured that representatives of employees have access to their members in the workplace.

With reference to the ILO Conventions No. 87, 98, 135 and 154

3.4. Health and Safety Requirements

PTG AS's suppliers and their subcontractors shall provide a safe, healthy and sound working environment for its employees. PTG AS's minimum requirements are:

- Pregnant women shall be adequately protected and have sufficient space for integrity.
- Workplace accidents and injuries shall be minimized and eliminated.
- Emergency routines must be documented, communicated and trained and whenever necessary also updated.
- Emergency evacuation plans and emergency routes shall be visible throughout the entire facility.
- Workplace temperature, noise level and air quality shall be compliant with the local law. Proper Personal Protective Equipment (PPE) shall be used whenever necessary and required.
- Where relevant, PTG AS also demands suppliers to ensure the quality of living accommodations, and other welfare matters, such as safe drinking water, canteens and access to medical services.

With reference to the ILO Convention No. 155, the ILO Recommendation No. 164 and the ILO Guidelines on Occupational Safety and Health (ILO-OSH-2001)

3.5. Housing Conditions

The living area per employee shall comply with the statutory minimum requirements, be hygienic, safe and offer satisfactory personal integrity. Suitable workplace safety requirements are also significant.

3.6. Corruption, Bribery and Unfair Practices

PTG AS does not tolerate corruption, bribery, fraud, and unfair practices that may limit PTG AS expects all partners to utilize the highest standard of moral and ethical conduct and to respect all applicable laws and regulations in business conduct. Suppliers and business partners shall not engage in or tolerate any form of corruption, bribery, extortion or embezzlement. Suppliers shall not offer or accept any benefits or other means to obtain any undue or improper advantage. Such improper benefits may comprise cash, non-monetary gifts, pleasure trips or services and amenities of any other nature. Suppliers and business Partners shall establish and implement appropriate anti-bribery and anti-corruption policies, involving all business areas in their respective business. Any attempt to unlawfully influence PTG AS employees, other business partners or market players in pricing, market shares or any comparable issues will be investigated and lead to the appropriate consequences. PTG AS's employees shall not receive, offer or make undue payments. Nor give other compensations to any person or any organization with the purpose of encouraging them to act in breach of suggested duties.

PTG AS and its suppliers and their subcontractors shall not act in breach of applicable competition legislation in each country where they have operations, market their products or perform business with customers and/or suppliers. Participation in cartels or other unlawful cooperation with competitors, customers or suppliers that limits or distorts competition is strictly forbidden.

PTG AS supplier and their subcontractor that is exposed for any of the activities listed above shall report such activities to PTG AS. PTG AS and its supplier will thereafter take further actions against such activities.

With reference to the United Nations Convention against Corruption (UNCAC)

3.7. Environmental Requirements

PTG AS strives to minimize negative environmental impact from its operations and activities. The company also strives to optimize the use of resources and to find new solutions.

PTG AS's suppliers and their subcontractors shall prevent severe environmental pollution, always take into account the precautionary principle and use the safest process or material from an environmental point of view. The supplier and their subcontractor must have the relevant environmental permits and licences for its operations.

Clarifications: Severe Environmental Pollution is to be understood as pollution that is likely to spread widely from the site and where the effects will be very difficult or expensive to correct.

3.7.1.Minimize Waste, Maximize Recycling

Waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

3.7.2.Handling of Chemicals and Hazardous Materials

Chemicals used must be in compliance with the Reach regulations (Check substances concerned under: http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp). Chemical containers must be properly labelled and safely stored. Chemical and other materials posing a hazard, if released to the environment, are to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal.

With reference to the ILO Convention No. 170 and REACH regulations