

Due diligence regarding human rights, environment and business ethics in Skellefteå Kraft's supply chains

Introduction

Wholly owned by Skellefteå municipality, Skellefteå Kraft is a community-building force that combines business acumen with social benefit. Our sustainability work involves operating and developing our business in a responsible manner and with a long-term vision, while leading the way for tomorrow's energy supply. Our expertise and core activities help us to actively contribute to the UN Sustainable Development Goals. Our sustainability efforts are focused in areas where our impact and our opportunity to make a difference is greatest. One such area is our supply chains. For this reason, we are developing our due diligence processes, in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, regarding our purchases, in order to identify and manage risks in our supply chains. We aim to ensure a fair and responsible transition to a sustainable energy supply.

Implementing responsible purchasing processes will minimise our negative impacts on humans and the environment while maintaining a high standard of business ethics. By fulfilling the requirements of our Code of Conduct for Suppliers, our suppliers strengthen Skellefteå Kraft's efforts to assume responsibility and help us to live up to our core values - drive, responsibility and cooperation. We ourselves, and with our partners, commit to supporting and respecting:

- The UN Universal Declaration of Human Rights
- International Covenant on Civil and Political Rights,
- International Covenant on Economic, Social and Cultural Rights,
- The UN Convention on the Rights of the Child
- International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work
- The UN Convention Against Corruption

Working on behalf of Skellefteå Kraft is a great responsibility. We recognise that ensuring compliance with the principles of the Code of Conduct is not always easy. Committing to these principles, and working actively to ensure compliance, is a long-term undertaking, with the goal of continuous improvement.

Reporting violations or breaches of the Code of Conduct for Suppliers

Anyone, whether internal or external, can report a breach or violation of the Code of Conduct for Suppliers. In many cases, early reporting can help to quickly address a problem and minimise damage. All suspected violations, wherever they occur in the supply chain, will be investigated, and appropriate measures will be taken.

Reporting in good faith means that what is stated is true, to the best of one's knowledge, and that the individual making the report provides complete information. Skellefteå Kraft applies a prohibition against reprisals regardless of what the report concerns, which means that reports must not entail consequences for those making the report.

An anonymous report can be made via our whistleblowing function [insert].

Procedures for Skellefteå Kraft's Code of Conduct for Suppliers

The Code of Conduct for Suppliers aims to express Skellefteå Kraft's requirements for suppliers in the performance of agreements. The Code of Conduct for Suppliers, Sections 1-6, must be applied in agreements with suppliers.

The Code of Conduct for Suppliers shall be reviewed and, if necessary, revised annually or as appropriate. Purchasing is responsible for reviewing the Code of Conduct for Suppliers.

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Code of Conduct for Skellefteå Kraft Suppliers

1. About the Code of Conduct for Suppliers

This Code of Conduct for Suppliers ("Code of Conduct") expresses the requirements that Skellefteå Kraft places on suppliers to have due diligence processes in place to identify and manage potential negative impacts on human rights and the environment and to uphold business ethics ("sustainable supply chains"), throughout the supply chain.

2. Scope

The term "supplier" here refers to all types of suppliers of goods and services, including but not limited to contractors, consultants and intermediaries.

The term "supply chain" refers to the entire supply chain of the supplier, from raw material to final product.

The Code of Conduct applies to all suppliers to Skellefteå Kraft, and is attached to the agreement entered into. Suppliers are responsible across the entire supply chain for the goods and services delivered to Skellefteå Kraft.

Suppliers shall communicate the requirements of this Code of Conduct to any subcontractors.

The requirements of the Code of Conduct apply to permanent and seasonal staff, staff employed through intermediaries and to migrant, temporary, student and other workers.

3. Requirements for due diligence

Suppliers shall have due diligence processes in place to ensure compliance with sustainable supply chain requirements (Section 4) in their own operations and in their supply chains. These processes shall be applied continuously and documented. Suppliers' due diligence process shall be proportionate to the size and complexity of their organisations, as well as the risk environment in which suppliers operate, and shall at least include:

- One or more policies, expressing their commitment to human rights, labour rights, environment and business ethics.
- That suppliers' managers are responsible for ensuring implementation, that systems are in place to ensure compliance with the requirements of the Code of Conduct, and that measures are taken if this is not the case. We expect good cooperation, and that suppliers will employ sustainable business practices and discuss their challenges.

- That suppliers ensure that employees are made aware of the content of the Code of Conduct or equivalent requirements, relevant to their respective roles and responsibilities.
- That suppliers recognise and locate aspects of the supply chain risking non-compliance with the requirements of this Code of Conduct. Upon request, a risk analysis and risk analysis procedure shall be provided to Skellefteå Kraft.
- That suppliers work to minimise, manage and monitor identified risks. Upon request, action plans and measures, as well as risk management procedures, shall be provided to Skellefteå Kraft.
- Where concrete negative impacts on human rights or the environment have been identified, their root causes must be investigated and relevant measures implemented. In markets with high levels of poverty or other challenges to respecting human rights, Skellefteå Kraft expects suppliers and subcontractors to work for continuous improvements in cooperation with public authorities, civil organisations and with Skellefteå Kraft and other clients. On request, action plans and procedures for deviation management can be provided to Skellefteå Kraft.
- Suppliers establish or contribute to the establishment of a formal complaint management system in their workplaces. Such a system aims to enable employees at the workplace or other stakeholders in the local community to have complaints examined and resolved. This approach does not replace the existing legal system, but complements it in order to resolve conflicts before they escalate.

Suppliers identifying deviations from the requirements of the Code of Conduct in their own operations or in their supply chains must investigate the root causes and implement relevant measures as well as communicating these to **inkop@skekraft.se** as soon as possible.

4. Sustainable supply chain requirements

The processes which suppliers must have in place according to item 3 shall cover at least the areas presented in Sections 4.1 - 4.5 regarding human rights, labour rights, environment and business ethics.

4.1. Compliance with the law

Laws, rules and regulations, as well as applicable collective agreements, must be complied with throughout the supply chain.

Where legislation is absent, weak or not enforced, suppliers shall ensure that relevant international frameworks, conventions and declarations are respected. Requirements in relevant areas are clarified in items 4.2 - 4.5. Where international law and national legislation address the same issues as these guidelines, the highest standard shall be applied.

4.2. Human rights

Suppliers shall respect all internationally recognised human rights as expressed in the Universal Declaration of Human Rights, the International Covenant on Civil and

Political Rights, the International Covenant on Economic, Social and Cultural Rights, the UN Convention on the Rights of the Child and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

4.3. Workers' rights

4.3.1. Employment conditions

ILO Conventions: 158, 175 and 181 (additional conventions may be relevant)

Employees shall be provided with a separate written contract of employment, signed before the start of employment, stating the name and personal identity number/date of birth of the employee; The employment contract must be in a language which the employee understands.

The contract shall clearly state the terms of employment, such as job description, working hours, salary and payment frequency, overtime pay and notice period.

Employees shall not be charged any recruitment fee and retain a full right to resign without penalty or reduction of salary.

Individuals shall not be employed on apprenticeship contracts or repeated time-limited contracts, or through subcontractors, in order to circumvent obligations for employees in accordance with international conventions and/or national law.

4.3.2. Freedom of association and the right to collective bargaining

ILO Conventions: 87, 98, 135 & 154 (additional conventions may be relevant)

All employees shall be free to exercise their right to join organisations that represent their interests as employees, without the risk of intimidation or harassment.

All employees shall have the right to participate in collective bargaining without fear of reprisal, intimidation or harassment.

Cooperation with trade union organisations shall be ensured. In countries where freedom of association is limited or under development, representatives appointed by employees shall be permitted to meet with management to discuss wages and working conditions without negative consequences.

4.3.3. Reasonable working hours

ILO Conventions: 1, 14 (additional conventions may be relevant)

Working hours must at least comply with national laws and may not exceed 48 standard hours per week. Overtime may only take place in line with the exceptions defined by the ILO. Overtime shall only be done on a voluntary basis, and shall give rise to overtime pay which, according to the ILO, shall be no less than 125% of the standard wage.

All employees shall be entitled to breaks every working day and have at least one full day off per seven-day period. All employees are entitled to statutory paid holiday as well as leave with proper compensation in the event of, e.g., sick leave, parental leave and public holidays.

4.3.4. Fair wages and social benefits

ILO Conventions: 95, 102 & 131 (additional conventions may be relevant)

Employees must be paid at least the statutory minimum wage, the minimum living wage or the wage set out in collective agreements. Whichever grants the employee the highest salary level shall apply. Regardless, suppliers shall, as a minimum, work progressively to ensure that workers are paid living wages that are sufficient to provide a decent standard of living for them and their families.

Workers of all genders and categories, such as migrant and seasonal workers, shall receive equal pay for equal work and qualifications.

Wages shall be paid in money and shall be paid regularly directly to the employee, at the agreed time and in full. Deduction of salary as a disciplinary measure is not accepted. Deductions are only authorised as provided for in applicable law, collective agreement or convention, where the highest level of protection for the individual applies.

Detailed payslips shall be provided in a language which the employee understands.

All employees shall receive statutory benefits, such as a pension, as well as accident insurance covering medical care for work-related injuries and compensation for disability caused by a work-related accident.

4.3.5. Prohibition of child labour and protection of young workers

ILO Conventions: 79, 90, 138 & 182 (additional conventions may be relevant)

All persons under the age of 18 are children in the legal sense. Child labour is defined as tasks that negatively affect a child's right to a healthy childhood and development, or which prevent the child from attending school.

Work may not be carried out by children younger than 15 or any lower legal minimum provided by local law.

The supplier shall ensure that no work is performed by children under 15 years of age. Procedures shall be in place to ensure that no one under the specified minimum age is employed and that measures based on the best interests of the child are taken where child labour does occur.

Children between the ages of 15 and 18 can work, provided that such work does not impede compulsory schooling or violate the age minimum imposed by local law. Tasks that may be harmful to a young person's health, safety or psychological development shall not be carried out, including night-shift work of any kind.

4.3.6. Prohibition of forced labour

ILO Conventions: 29 & 105 (additional conventions may be relevant)

Suppliers shall not engage in, or through business partners in the supply chain be complicit in, any form of forced labour, debt bondage, human trafficking or involuntary labour, including state-imposed forced labour. All work shall be voluntary, and

employees shall have the right to terminate their employment after a reasonable notice period, which must be stated in the employment contract.

The freedom and geographical mobility of employees may not be restricted in any way.

Workers shall be hired responsibly, and payment shall not be demanded in exchange for work. Accordingly, nor shall employees be required to provide personal identity documents or equivalent documents in the original, or make monetary deposits, as a precondition of employment.

4.3.7. Prohibition of discrimination and victimisation

ILO Conventions: 100 & 111 (additional conventions may be relevant)

Everyone shall be treated with dignity and respect. Harassment or sexual harassment shall not occur in the organisation. There may be no abusive treatment, threats or punishment, whether physical, psychological, verbal or sexual.

Discriminatory practices may not arise in recruitment, remuneration, promotion, allocation of tasks, development of skills, dismissal or any other activity. Discriminatory practices involve treating particular groups or persons unfairly on the grounds of sex, age, religion, race, caste, birth, social background, disability, ethnic or national origin, nationality, membership in trade unions or any other legitimate organisation, political affiliation or opinion, sexual orientation, family responsibilities, marital status, pregnancy, illness or any other condition.

4.3.8. Working environment and safety

ILO Conventions: 155 & 187 (additional conventions may be relevant)

Workers shall have a safe and healthy working environment where preventive measures are taken to minimise injuries and health risks.

Workers shall receive regular and appropriate training on the health risks associated with different aspects of their work, such as fire safety, dangerous activities and first aid.

Effective and relevant protective equipment as well as first aid equipment shall be provided free of charge to all workers. Health and safety information shall be easily accessible in the workplace.

Any incidents, accidents, occupational injuries or work-related ailments shall be reported to management and addressed to ensure continuous improvement.

Premises must be fit for purpose and meet the requirements of employees' right to a safe working environment. Organisations shall hold all relevant licences and documentation required by national law, and/or take other appropriate measures, to ensure the stability and safety of the equipment and buildings used and to protect against and prepare for any foreseeable emergency. This includes housing for workers, when provided or imposed by the employer or a recruitment partner.

Emergency exits shall be clearly marked and sufficient in number. Fire alarm systems, evacuation plans, emergency lighting and fire extinguishers shall be sufficiently available. Escape routes may not be blocked.

Before starting work on-site in any Skellefteå Kraft facility, suppliers must read and understand the applicable internal safety instructions. A risk analysis shall be carried out to identify risks at work and particularly hazardous components of the work and to prevent them.

All employees shall have free access to clean drinking water and hygienic toilets in the workplace and, if applicable, areas where food can be safely stored. When housing is provided or imposed, it shall be clean and safe and meet all the basic needs of workers.

4.4. Environmental responsibility

4.4.1. Environmental impact

Environmental management shall be carried out to systematically prevent serious emissions to land, water or air.

Businesses shall have the relevant environmental and operational permits, licences and registration as required by applicable national law.

Suppliers shall assess the significant environmental impacts of their activities and establish and follow procedures to manage them. Environmental aspects must be considered, both in production and across distribution chains.

Suppliers must work actively to reduce emissions to air, soil and water, as well as to improve the efficiency of resource use, including the use of energy and water.

Suppliers shall ensure that waste is minimised, recycled and managed in accordance with local regulations and that the responsible use of chemicals minimises risks for society, humans and the environment.

Suppliers shall implement preventive measures as soon as there is reason to suspect that a planned activity may harm the environment or human health. In the face of a threat of serious or irreversible damage to the environment or human health, measures to prevent damage should not be postponed. This applies even in the absence of full scientific evidence (precautionary approach, Rio Declaration).

Suppliers shall implement procedures to verify that the extraction of raw materials for the most significant parts of the product is carried out in a responsible manner

4.4.2. Climate impact

Suppliers must actively work to reduce the climate impact of their operations by, e.g., sharing transport for goods, equipment and staff, using renewable fuels and promoting virtual meetings.

4.4.3. Environmental rights

ILO Convention: 169 (additional conventions may be relevant)

The right of persons or peoples to dispose of a country's natural resources shall be respected, and the right not to be deprived of the means of subsistence shall not be violated.

Land, forests and water shall not be unlawfully taken in connection with the acquisition, development or other use of land, forests or water, including through deforestation.

The right of indigenous peoples to free and informed consent shall be respected, and indigenous peoples' rights to lands, territories or resources which they have traditionally owned, occupied or otherwise used or acquired shall not be violated.

The right to a safe, clean, healthy and sustainable environment for surrounding communities shall be respected. This right is an integral part of the full enjoyment of the rights to life, health, food, water and sanitation, and the latter three are part of the right to an adequate standard of living. All these rights must be respected.

Affected communities shall be informed of potential or actual threats to their health and safety which are posed by any business.

4.5. Business ethics

Skellefteå Kraft suppliers shall have zero tolerance for corruption, including, but not limited to, extortion, embezzlement, bribes, kickbacks, gifts, entertainment or money, or other favours of any kind.

Suppliers shall not offer or accept any benefits or other means to gain undue or improper advantage.

Suppliers shall avoid conflicts of interest which may tarnish the supplier's credibility vis-a-vis Skellefteå Kraft or other external parties' confidence in Skellefteå Kraft.

Suppliers shall respect and comply with all applicable competition laws and shall not enter into discussions or agreements with competitors regarding prices, market sharing or the like.

Suppliers shall respect Skellefteå Kraft's intellectual property rights and protect them from misuse, theft, fraud or improper disclosure.

Suppliers shall have established procedures to prevent unethical business practices in its own operations and across the supply chain.

Any benefit granted to an employee of Skellefteå Kraft, or anyone acting on its behalf, in order to facilitate the business of a supplier with us, shall not be tolerated.

5. Violation or breach of the Code of Conduct

Skellefteå Kraft reserves the right to verify suppliers' compliance with these requirements. Monitoring can be carried out by our own staff or through independent third parties appointed by us. Monitoring may be carried out through various methods, including self-reporting, supply chain traceability, auditing and dialogue. Upon request, suppliers shall permit Skellefteå Kraft to audit the supplier's business. Suppliers shall also enable Skellefteå Kraft to audit the supplier's subcontractors' businesses, either itself or through a representative.

In monitoring the requirements of this Code of Conduct, Skellefteå Kraft expects transparency and co-operation. During audits, suppliers shall grant Skellefteå Kraft access to premises and relevant documentation, as well as the opportunity to interview management and employees.

Should irregularities arise, an action plan will be drawn up by the supplier and approved by Skellefteå Kraft. Suppliers are expected to investigate the root causes of

any negative impacts on human rights, the environment or business ethics, and to implement relevant short- and long-term measures.

Skellefteå Kraft reserves the right to terminate cooperation with suppliers who

- provide false information, orally or in writing
- fail to address irregularities within the agreed time
- demonstrate a lack of commitment and/or transparency
- seriously violate this Code of Conduct on repeated occasions.

6. Portal

www.skekraft.se/leverantorsportal