

Nykredit Code of Conduct for suppliers and sub-suppliers

1. Background

Nykredit focuses strongly on whether our business partners practice Corporate Social Responsibility (CSR) in keeping with the guidelines of ISO 26000 and the UN Global Compact. It is important that our suppliers have high standards in terms of social, ethical and environmental matters.

This appendix outlines the minimum standards required of our suppliers and their sub-suppliers.

Nykredit reserves the right to check compliance with these requirements by our suppliers and their sub-suppliers, as well as to terminate contracts in the event of violation of the rules on the grounds of breach, or if a supplier is unable to meet these rules.

1.1 Environment

1.1.1 Responsible production

The supplier is responsible for ensuring that products and services meet all requirements, current legislation and rules relating to the environment applicable in the manufacturing country in question.

We further expect our suppliers and their sub-suppliers to want to work on environmental improvements, if deemed necessary. Such improvements should be seen in relation to the environmental principles of the UN Global Compact. In our view, these standards form the basis of environmental and social responsibility.

Nykredit aims to use products that have the lowest possible environmental impact, ie from the processing of raw materials through product manufacture to use and disposal.

On request, the supplier must be able to account for the total environmental impact of the product. This is at no cost for Nykredit.

We expect our suppliers to work with environmental objectives by eg setting high standards and including environmental considerations as an integral part of their work, see the Internal Chamber of Commerce.

1.2 Responsibility and ethics

Nykredit wants to participate actively to ensure the quality of products and services as well as to promote social responsibility and good environmental performance through our business conduct.

Against this background, we expect our suppliers and their sub-suppliers to ensure that their employees are protected according to the UN Universal Declaration of Human Rights as well as the ILO (International Labour Organization) conventions, which underpin the principles of human rights stipulated in the Universal Declaration.

1.2.1 Child labour

Nykredit does not accept child labour. The supplier or its sub-suppliers must not use or benefit from the use of child labour.

The minimum working age is 14 years in developing countries and 15 years in industrialised countries. However, the minimum working age is 18 years in companies with dangerous working conditions, see the ILO Convention.

Everyone has the right to education. Elementary education must be compulsory. Children are entitled to special care and assistance, see the UN's Universal Declaration.

1.2.2 Forced labour

No one may be held in slavery or servitude. Slavery and the slave trade is prohibited in all their forms. Everyone has the right to work and to free choice of employment, see the UN Universal Declaration.

Nykredit does not accept that our suppliers or their sub-suppliers use forced or compulsory labour (e.g. debt bondage). This includes all work or service which is exacted from any person under the menace of any penalty and for which said person has not offered himself voluntarily, see the ILO Convention.

1.2.3 The right to privacy

No one may be subjected to arbitrary interference with his privacy, family, home or correspondence, see the UN Universal Declaration.

Everyone has a right to privacy. This covers surveillance of persons and processing of personal data. Interference with privacy should be clear from rules, and only used if it justifies a reasonable objective, see the UN's interpretation.

1.2.4 Disciplinary measures

No one may be subjected to torture or cruel, inhuman or degrading treatment. Physical abuse or threat of physical abuse, sexual harassment or other kinds of harassment and verbal abuse or other kinds of intimidation are prohibited, see the UN's interpretation.

1.3 Working conditions

1.3.1 Right of association/collective bargaining

Everyone has the right to freedom of peaceful assembly and association. No one may be compelled to belong to an association. Everyone has the right to form and to join trade unions for the protection of his interests, see the UN Universal Declaration.

Employees have the right to join or form trade unions of their own choosing and to bargain collectively, see the ILO Convention.

1.3.2 Discrimination

Everyone is entitled to all the rights and freedoms set forth in the UN Universal Declaration without distinction of any kind.

No discrimination may be tolerated in hiring, remuneration, access to training, promotion, termination or retirement on the grounds of race, caste, nationality, religion, age, disability, gender, marital status, sexual orientation, membership in trade unions or political affiliation, see the ILO Convention.

1.3.3 Remuneration and employee benefits

Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection, see the UN Universal Declaration.

A wage paid for a permanent full-time position should be sufficient for the employee and his family to meet their basic needs.

1.3.4 Working hours

Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay, see the UN Universal Declaration.

Employees may not be required to work more than 48 hours per week and must be provided with at least 1 day off for every 7-day period on average.

Overtime must be voluntary and only used when justified. It is recommended that overtime does not exceed 12 hours per week and that it always be compensated at a higher rate (at least 125%).

Employees are entitled to at least three weeks' annual holidays with pay, see the ILO Convention.

1.3.5 Working environment

Everyone has the right to just and favourable conditions of work, see the UN Universal Declaration. A safe and hygienic working environment must be provided.

Adequate steps must be taken to prevent accidents and injuries to health arising out of work. The causes of hazards in the working environment should be minimised.

Employees must receive regular and recorded health and safety training, see the ILO Convention.

1.4 Business ethics

1.4.1 Corruption and bribery

The supplier must comply with all existing anti-corruption legislation in relation to his business and may specifically not (i) attempt to gain unjust benefits (e.g. benefits to which the supplier is not entitled) through commitments, offers or by donating something of value, directly and indirectly, to public sector employees, business partners, or a third party, or (ii) participate in any type of corruption, extortion, embezzlement or fraud for the purpose of achieving unjust benefits, or in other ways affect the result of agreements. The supplier must ensure that all relevant employees and third parties are informed about and comply with existing anti-corruption legislation.

1.4.2 Gifts and business events

The supplier must refrain from offering payment of or contributing to extravagant gifts or business events for employees or other counterparties in Nykredit in an attempt to influence business decisions and **create a relationship of dependency**. The supplier is to ensure that all gifts or business events offered to Nykredit employees are transparent and have a business-related purpose, and at a maximum, conform to market standards. Celebratory gifts given and/or received must be worth no more than DKK 700.

If gifts are offered in connection with tenders, this may lead to disqualification and exclusion from participation in future tenders for five years.

Business events with predominantly technical contents as part of an existing customer/supplier relationship are acceptable up to a limit of DKK 3,500 per participant. **In rare cases, the limit set may be derogated from.**

For your information: For Nykredit employees, participation is **always** subject to approval from the immediate superior. This approval must be obtained by the Nykredit employee him/herself.

On request, Nykredit may demand to receive a list of Nykredit employees who have participated in events or received gifts, including which gifts.