

Definitions

In this contractual relationship, Kruse Smith Entreprenør AS is the main contractor and is referred to below as 'KS'. The subcontractor (corresponding to 'subcontractor' in NS 8415, NS8416 and 'design and build subcontractor' in NS 8417) is referred to below as 'SC'.

Clean Building shall be maintained through SC tidying up and vacuum-cleaning after his own work and sorting and removing all of his own waste (including hazardous waste) in accordance with applicable regulations. If KS initiates joint tidying/cleaning, the costs attributable to this shall be shared between the companies involved or based on a discretionary assessment. Essential cleaning of own installations above ceiling level before this is installed shall also be covered by SC.

Receipt of goods

SC shall arrange receipt of his own goods. Storage shall take place in the specified location, and SC shall not store more equipment or materials at the construction site than is necessary in order for progress to be made.

Hooking-on shall require documented training. A course certificate must be presented before work is commenced. Ref. the requirements established during the clarification meeting under the item "Health, safety and environment".

Take-over

A final inspection and take-over procedure for the work shall be carried out upon completion of the work, at the same time as a final inspection and take-over procedure between KS and KS's client.

Audit

SC may be required to undergo a one-day audit under the auspices of StartBank (Achilles) or KS itself. The costs attributable to the audit under the auspices of StartBank shall be met by SC. This type of audit is linked to the information that has been placed in StartBank and may be carried out no more than once every other year. It is estimated that the costs will amount to NOK 14,000 exc. VAT (2014) + travel and subsistence for a consultant.

HSE

Specific measures in the Construction Client's health, safety and working environment plan, as well as the requirements stipulated in KSE's HSE plan, shall be incorporated into SC's project-specific HSE system. We wish to stress that it is a requirement that high-visibility clothing be worn at all our construction sites (minimum top in visibility classes 2). A policy of zero tolerance will be enforced in the event of serious breaches.

Management, Operation and Maintenance (MOM) documentation

The final settlement will not be paid until MOM documentation has been submitted to the Construction Client and approved, and all control statements, guarantees, etc. are complete.

Collateral

KS will not provide a bank guarantee.

Disputes

Disputes shall be resolved through ordinary legal proceedings unless the parties agree to resolve a dispute through arbitration. The legal venue shall be Kristiansand.

Late payment

In accordance with the applicable Norwegian Act on interest on late payments.

Requirement for pre-approval and pre-registration

Only contract assistants who have been pre-approved by KSE shall be permitted to work on the project. KSE notes that the use of contract assistants shall be subject to the Construction Client's approval of SC and SC's contract assistants.

The subcontractor shall give advance notice of all workers (including both employees and hired workers) to the construction site's project management prior to attendance.

Overview of workers

SC shall be responsible for keeping KSE updated at all times concerning the names of all workers, including both his own employees and employees of contract assistants in all links of the chain, who are working on the project at any one time.

SC shall submit an updated daily overview list to KSE's project administration at the construction site at the start of the working day and ensure that workers who leave are removed from the lists.

Reporting obligation - foreign contract assistants

If foreign contract assistants are used, original registration forms (RF-1199) shall be submitted to KSE's project administration. Alternatively, acknowledgements from Altinn may be submitted. The forms/acknowledgements must be submitted by no later than the first time the worker reports to the construction site. The project administration shall be notified of all cessation and/or other changes which are of importance to the reporting obligation.

HSE cards

All workers shall carry an approved HSE card.

Requirements regarding wage and employment conditions

SC shall be obliged to ensure that his own employees and those of any contract assistants are given wage and employment conditions which at least fulfil the requirements in applicable laws and regulations at all times, including:

- Wage and employment conditions in accordance with the General Application Regulations (*allmenngjøringsforskrifter*).
- Regulations on wage and employment conditions in public sector contracts (*Forskrift om lønns- og arbeidsvilkår i offentlige kontrakter*), where relevant.

Documentation and checking of wage and employment conditions

KSE shall be entitled to check that SC and SC's contract assistants have wage and employment conditions in accordance with the applicable requirements regarding wage and employment conditions.

When requested to do so, SC shall be obliged to disclose information concerning the wage and employment conditions of his own workers and of workers from any contract assistants in all underlying links in the contract chain. The information shall be documented through a copy of employment agreements, payslips and time records. The documentation shall be provided at person level and be identifiable. It is assumed that the necessary consent for this will be obtained from the workers concerned. The information shall be deemed to be confidential.

Joint and several liability for wages, etc.

SC shall be financially liable for all costs arising as a result of the payment of wage claims both to employees of SC and to employees of SC's contract assistants.

Any business in the contract chain which receives claims from workers addressed to it under the scheme concerning joint and several liability for wages, etc. under Section 13 of the Act on the general application of collective agreements (*lov om allmenngjøring av tariffavtaler*) shall be obliged to inform the other businesses in writing as soon as possible and within no more than 14 days after receipt of the claim.

If KSE is required to fulfil the joint and several liability, KSE may seek recourse from SC or SC's contract assistants for all costs attributable to the claim.

If SC or SC's contract assistants fulfil the joint and several liability, SC or SC's contract assistants shall not be entitled to seek recourse from KSE.

Right to withhold payment

In connection with the joint and several liability, the provisions of the contract concerning breach of contract (Norwegian Standard and the background law) shall apply, including KSE's right to withhold payment.

HSE and internal control Systematic work relating to health, safety and working environment

SC shall be obliged to have a functioning internal control system in accordance with the Regulation on systematic work relating to health, safety and environment (*forskrift om systematisk helse-, miljø- og sikkerhetsarbeid i virksomheter*), which covers the enterprise's activities on the project.

Relevant risks described in the Construction Client's plan for health, safety and working environment shall be incorporated into and followed up through the enterprise's internal controls.

Discharge database and product documentation

SC shall be responsible for preventing discharges of hazardous substances. This includes the safe storage, use and waste management of his own chemicals/products with the potential to harm health or the environment, and having access to equipment to collect up any discharges.

When using or storing hazardous chemicals, SC shall document that a risk and substitution assessment has been carried out.

SC shall use electronic ProductXchange in the project and submit safety data sheets and other product documentation in order to fulfil applicable requirements stipulated in laws and regulations through the system.

Language

To ensure a satisfactory working environment, workers must be able to communicate with each other. SC shall ensure that this requirement is fulfilled in respect of workers who are made available at the construction site and that the workers have a knowledge of and understand safety training, safety instructions, user instructions, warning signs, etc. The building work coordinator/foreman/project manager must understand a Scandinavian language.

Machinery and equipment

SC shall have and follow up requirements regarding competence to use machinery and equipment in respect of his own employees and any hired workers, as well as the necessary routines for the checking of his own machinery and equipment. Documentation shall be submitted to KSE upon request. Routines for the use of joint machinery/equipment (scaffolding, cranes, etc.) shall be discussed on an ongoing basis in progress meetings, coordination meetings and/or safety meetings.

Tax forms

SC shall be obliged to sign authorisation forms for the acquisition of tax information from the Norwegian Tax Administration.

Audits/controls

KSE shall be entitled to conduct audits/checks on SC and SC's contract assistants throughout the contract period regarding circumstances which are regulated through these special provisions.

Continuation

SC shall be obliged to pass on these special contract provisions in contracts with his contract assistants and contracts in all links further down the chain.

Liability

SC shall indemnify KSE for any financial consequences that KSE incurs as a result of a failure on the part of SC or SC's contract assistants to fulfil applicable obligations arising from these special contract provisions.

Ethical trading guidelines

Introduction

Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS strive to promote good working and environmental conditions amongst our supply chains. We aim to do this in close cooperation with our suppliers and business partners. In order to clarify what we expect of our suppliers, **Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS** have prepared guidelines for ethical trading. These guidelines encompass fundamental requirements regarding human rights, workers' rights and the environment.

Principles

Our suppliers must supply goods and services to **Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS** which have been produced in accordance with these guidelines. Suppliers shall also pass on and follow up the guidelines amongst their subcontractors.

At the request of **Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS**, suppliers must be able to document their work to ensure compliance with our guidelines. The documentation obligation applies as a general rule up to and including the production site for the goods concerned, or to the link in the supply chain which **Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS** deems to be relevant to what is required for the delivery concerned.

If **Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS** wish to review subcontractors with regard to compliance with the guidelines for ethical trading, the supplier shall be obliged to permit such a review and to state the names and contact details for these subcontractors. In the event of a breach of these ethical guidelines, **Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS** will jointly prepare a plan for the rectification of the deficiencies with the supplier. Rectification shall take place within a reasonable period of time. The contract will only be cancelled if the supplier repeatedly fails to demonstrate a willingness to rectify the circumstances.

Social and environmental standards will be accorded emphasis in connection with the selection of new suppliers.

Requirements regarding own organisation

Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS continually strive to improve their own policies and practices in order to help suppliers comply with our guidelines for ethical trading.

Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS, including all employees, shall never offer nor receive unlawful or undue monetary gifts or other benefits in order to achieve commercial or personal benefits for themselves or customers, agents or suppliers.

Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS and **Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS**'s suppliers shall avoid trading partners which have operations in countries which are subject to a trade boycott by the United Nations, Norwegian public authorities or other international consensus concerning trade sanctions.

Requirements regarding the supply chain

Kruse Smith Entreprenør AS & Kruse Smith Eiendom AS' guidelines for ethical trading are based on internationally recognised UN and ILO conventions and specify minimum rather than maximum standards. Legislation applicable to the production site shall be respected. Where national laws and regulations cover the same area as these guidelines, the highest standard shall apply.

1. Forced labour/slavery (ILO Convention Nos. 29 and 105)

- 1.1. No form of forced labour, slavery or involuntary work shall occur.
- 1.2. Workers shall not be required to pay a deposit or present identity documents to their employer and shall be free to terminate their employment after giving a reasonable period of notice.

2. Right to organise and collective bargaining (ILO Conventions Nos. 87, 98, 135 and 154)

- 2.1. Workers shall without exception be entitled to join or establish unions as they wish and to bargain collectively. Employers shall not become involved in, hinder or counteract union organisation or collective bargaining.
- 2.2. Union representatives shall not be discriminated against or prevented from performing their union work.
- 2.3. If the right to organise and/or collective bargaining is limited by law, the employer shall facilitate and not hinder alternative mechanisms for unrestricted and independent organisation and negotiation.

3. Child labour (UN Convention on the Rights of the Child, ILO Convention Nos. 138, 182 and 79, ILO recommendation no. 146)

- 3.1. The minimum age for workers shall be not less than 15 and in accordance with
 - i) the national minimum age for employment, or
 - ii) the minimum age for obligatory school attendance, with the highest age as applicable. If the local minimum age is set to 14 in accordance with the exception in ILO Convention 138, this may be accepted.
- 3.2. No new recruitment of child workers in breach of the abovementioned minimum age shall take place.
- 3.3. Children under the age of 18 shall not perform work which is harmful to their health, safety or morale, including night work.
- 3.4. Action plans shall be established for the rapid elimination of child labour which is in breach of ILO Conventions Nos. 138 and 182. The action plans shall be documented and communicated to relevant personnel and other stakeholders. Provision shall be made for support schemes where children are given the opportunity for education until the child is no longer of school age.

4. Discrimination (ILO Convention Nos. 100 and 111 and the UN Convention on the Elimination of all Forms of Discrimination Against Women)

- 4.1. No discrimination shall occur as regards employment, remuneration, training, promotion, termination of employment or retirement based on ethnic origin, race, religion, age, disability, gender, marital status, sexual orientation, union work or political affiliation.
- 4.2. Measures shall be established to provide protection against behaviour which is sexually harassing, threatening, insulting or exploitative and against dismissal on unreasonable grounds, e.g. marriage, pregnancy, parental status or status as an HIV-infected person.

5. Physical abuse

- 5.1. Physical abuse or punishment, or threats of physical abuse are prohibited. The same shall apply to sexual or other abuse and other forms of humiliation.

6. Health, safety and environment (ILO Convention No. 155 and recommendation no. 164)

- 6.1. Efforts shall be made to ensure that workers have a safe and healthy working environment. Hazardous chemicals and other substances shall be handled appropriately. The necessary measures shall be implemented to prevent and minimise accidents and harm to health as a result of, or relating to, conditions at the workplace.
- 6.2. Workers shall receive regular and documented training regarding health and safety. Health and safety training shall be repeated for new employees and reassigned workers.
- 6.3. Workers shall have access to clean sanitary facilities and clean drinking water. Where relevant, employers shall provide facilities for the safe storage of food.
- 6.4. Any accommodation that is offered by employers shall be clean, safe, adequately ventilated and have access to clean sanitary facilities and clean drinking water.

7. Wages (ILO Convention No. 131)

- 7.1. Workers' wages for a normal working week shall at least be in accordance with national minimum wage provisions or the industry standard. The higher of these shall apply. Wages shall always be sufficient to meet basic needs, and to enable saving.
- 7.2. Wage conditions and payments shall be established in writing in an agreement before the work is commenced. The agreement shall be comprehensible to the worker.
- 7.3. Deductions from wages as a disciplinary measure shall not be permitted.

8. Hours of work (ILO Convention Nos. 1 and 14)

- 8.1. The hours of work shall be in line with national laws or industry standards, and shall not exceed working hours in accordance with applicable international conventions. Normal working hours per week shall not normally exceed 48.
- 8.2. Workers shall have at least one day off every seven days.
- 8.3. Overtime shall be limited and voluntary. The recommended maximum overtime is 12 hours per week, i.e. total working hours of 60 hours per week. Exceptions from this may be permitted if they are regulated in a collective agreement or national law.
- 8.4. Workers shall always receive an overtime supplement in connection with working hours exceeding normal working hours (see Article 8.1 above), at least in line with applicable laws.

9. Regular appointments

- 9.1. Obligations with respect to workers in accordance with international conventions, national laws and rules concerning regular appointments shall not be circumvented through the use of short-term engagements (such as the use of contract workers, supply workers or day labourers), subcontractors or other employment relationships.
- 9.2. All workers shall be entitled to an employment contract in a language which they understand.
- 9.3. Apprentice programmes shall be clearly defined with regard to duration and scope.

10. Marginalised population groups

- 10.1. Production and the use of natural resources shall not contribute to the destruction of natural resources and the income basis for marginalised population groups, e.g. through the seizure of large areas of land or the inappropriate use of water or other natural resources on which the population groups depend.

11. Environment

- 11.1. Measures to reduce the negative impact on health and the environment throughout the value chain shall be implemented through the minimisation of discharges, the promotion of efficient and sustainable use of resources, including energy and water and the minimisation of greenhouse gas emissions in production and transport. The local environment at the production site shall not be harmed through over-exploitation or pollution.
- 11.2. National and international environmental legislation and regulations shall be complied with, and relevant discharge permits shall be obtained.

12. Corruption

- 12.1. All forms of bribery are unacceptable, such as the use of alternative channels to secure illegitimate private or work-related benefits for customers, agents, contractors, suppliers or their employees, and civil servants.