



# Business Relationships Code of Conduct

## Code of Conduct

The purpose of the Business Relationships Code of Conduct (CoC) is to secure that Aalborg Forsyning and our business relationships, including suppliers and partners, demonstrate responsible business conduct by managing adverse impacts on internationally agreed principles for sustainable development as described in our CSR Policy.

## **The Scope of Application**

The areas covered by this CoC are based in the UN Guiding Principles on Business and Human Rights (UNGPs). The requirement to manage risks of actual and potential adverse impacts is aligned with the minimum requirements in the UNGPs and the OECD Guidelines for Multinational Enterprises (OECD). Meeting the minimum standard for responsible business conduct as defined by the UNGPs/OECD is distinct from legal compliance; Business Relationships are always expected to comply with national laws where they operate.

According to the UNGPs the required management system shall, at a minimum, address adverse impacts on the human rights stated in the International Bill of Human Rights, including the core labour rights from the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work (ILO); and according to the OECD significant adverse impacts on the external environment in relation to areas addressed by the Rio Declaration on Environment and Development, including the climate as reflected in the Paris Agreement; and adverse impacts in relation to anti-corruption, the scope of which is outlined by the United Nations Convention against Corruption.

Aalborg Forsyning meets the UNGPs/OECD and expects all of our Business Relationships to meet the globally agreed minimum standard for responsible business conduct. Aalborg Forsyning reserves the right to levy additional, more specific requirements related to sustainable development, should specific circumstances require such focus.

## **UNGPs/OECD as Management Standard**

Meeting the global minimum standard involves establishing a management system for managing adverse impacts in relation to internationally agreed principles for sustainability. The following elements of the management system shall be met:

### **i. Our Business Relationships Adopt a Policy Commitment, that is:**

- Approved at the most senior level of their company
- Informed by experts in the UNGPs and OECD
- Stipulating expectations of employees and business relationships
- Made publicly available and communicated both internally and externally
- Embedded in all other operational policies and procedures throughout their company.

### **ii. Establish and Maintain a Due Diligence Process**

Aalborg Forsyning's Business Relationships shall conduct regular assessments of risks of adverse impacts on the Scope to identify, whether they cause or contribute to adverse impacts through their own operations and services. They shall then act to prevent or mitigate identified and potential adverse impacts and track the effectiveness of their actions. Business relationships are expected to communicate about this process (findings, actions taken, and ongoing status) to relevant stakeholders, including Aalborg Forsyning.

Aalborg Forsyning's Business Relationships shall further require from their own business relationships that they meet the global minimum standard. If a Business Relationship becomes aware of actual severe adverse impacts, that it is linked to, the business relationship must use or build leverage to make the causing or contributing entity stop the impact and prevent or mitigate reoccurrences, or end the relationship.

### **iii. Provide for Access to Remedy**

Where a Business Relationship identifies that it causes or contributes to actual adverse impacts in relation to the scope, the Business Relationship must provide for access to remedy through legitimate processes (grievance mechanisms) for those affected. Notification of relevant authorities may be necessary in relation to significant impacts in the areas of environment and anti-corruption.

## **Implementation**

- i.** Aalborg Forsyning also implements the requirements outlined in this CoC and is prepared to share information or documentation with its Business Relationships.
- ii.** This CoC applies to Aalborg Forsyning's first-tier Business relationships. Aalborg Forsyning's first-tier Business Relationships shall expect their first-tier business relationships to have similar and adequate processes in place to manage adverse impacts on the Scope. This includes making such business relationships aware of the minimum standard for responsible business conduct as outlined by UNGPs/OECD and requiring that such business relationships meet the standard.
- iii.** Small & medium-sized Business Relationships need not submit documentation of implementation to Aalborg Forsyning, unless Aalborg Forsyning so requires.
- iv.** If Aalborg Forsyning's Business Relationships cause, contribute to, or are linked to severe impacts on the Scope, business relationships shall notify Aalborg Forsyning immediately. The notification shall include an account of the business relationship's actions to end the severe impact and to prevent or mitigate reoccurrence. If a Business Relationship neglects to notify Aalborg Forsyning of and address severe adverse impacts or demonstrates lack of willingness to meet the international minimum standard, Aalborg Forsyning reserves the right to end the business relationship immediately.
- v.** Business relationships must maintain appropriate records to demonstrate compliance with the requirements of this CoC. Appropriate records include: Policy statement(s), documentation of due diligence processes, including operational-level impact assessments with transparent records on tracking effectiveness of specific actions, and documented grievance mechanisms.

- vi.** Aalborg Forsyning's CSR Policy and CoC form the foundation for collaboration between Aalborg Forsyning and our Business Relationships to pursue continuous improvements in managing adverse impacts on the Scope. Should a Business Relationship not have implemented a management system in alignment with this CoC at receipt, an implementation plan shall be developed and presented to Aalborg Forsyning. In this case the Business Relationship is expected to send a Policy Commitment within one year, and the first operational level impact assessment for the part of the business, where Aalborg Forsyning is directly linked to the Business Relationship, after two years. Additional specification may be included in an agreement.
  
- vii.** Aalborg Forsyning expects Business Relationships at any time to be able to declare their stage of implementation in relation to the requirements contained in this CoC.