



# CODE OF CONDUCT

EFD Induction Group



**ECO &  
ENERGY  
FRIENDLY**



# Ethical business conduct

*All employees base their daily work and behaviour on the company values – respectful, reliable, cooperative and passionate – in order follow the law, act honourably and provide products and services to the customers at reasonable prices without compromising on quality or reliability as well as to serve customers in the best possible way wherever they are located.*

*In EFD Induction we have zero tolerance for illegal or unethical behaviour. We act and behave with integrity and will always strive to live up to our company values.*

CEO, Bjørn Eldar Petersen

## OUR VALUES



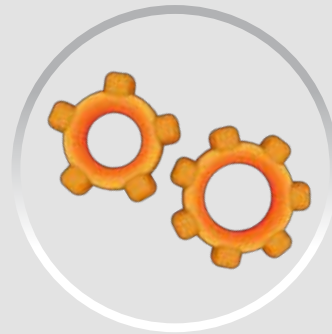
### RESPECTFUL

Being **Respectful** means we treat people with respect, and act at all times with integrity. We lead by example and care for our customers, colleagues and the environment.



### RELIABLE

Being **Reliable** means we take responsibility; we spare no effort to keep our promises and learn from our failures.



### COOPERATIVE

Being **Cooperative** means we share resources, know-how and solutions within the EFD Induction family of companies to satisfy our customers – wherever they are located.



### PASSIONATE

Being **Passionate** means we have a burning interest for what we do. It means being open to new ideas, and constantly developing innovative solutions to support our customers and colleagues.

# Code of Conduct

## Introduction

This update of the Code of Conduct was resolved by the Board of Directors of EFD Induction Group AS (the parent company of the EFD Induction Group) on 27th August 2021. The previous edition was dated 3rd March 2021.

## Purpose

This Code of Conduct contributes to set the framework for the behaviour EFD Induction expects of all employees and other stakeholders worldwide. It is based on the EFD Induction values - respectful, reliable, cooperative and passionate.

The Code of Conduct shall contribute to developing a common EFD Induction identity and preventing the manifestation of integrity concerns. Integrity in this context means “the quality of being honest and just in character”. Integrity is about attitude and behaviour. EFD Induction shall be a world-class company with zero tolerance for illegal or unethical behaviour.

## Company values: Respectful, reliable, cooperative and passionate

All stakeholders will base their daily work and behaviour on the company values. This is about providing products and services to our customers at reasonable prices without compromising on quality or reliability. Further, it is about keeping our promises and about cross-company cooperation to serve customers in the best possible way wherever they are located. However, it is also about following the law, acting honourably and treating others with respect. These values are the foundation of the operations of EFD Induction. Management and other employees worldwide are obliged to adapt and strive to live up to these values, and to speak up in case they think that somebody is falling short of the commitment to the required standards.

**THE CODE OF CONDUCT  
SHALL CONTRIBUTE  
TO DEVELOPING A  
COMMON EFD INDUCTION  
IDENTITY**



1) <https://www.unglobalcompact.org/what-is-gc/mission/principles> (last visited on 26 October 2020).

## Scope and responsibility

In the following, “EFD Induction” will mean the EFD Induction Group, the parent company and its subsidiaries. The Code of Conduct applies to all stakeholders including Board of Directors, management, employees, agents and other people acting on behalf of the company such as hired-in personnel and consultants (hereinafter referred to as “Stakeholders”). Board members that are appointed by EFD Induction in other companies shall actively work for the implementation of similar ethical guidelines in these companies.

EFD Induction does not want to be associated with partners lacking appropriate ethical standards, and business partners are therefore required to adhere to EFD Induction’s Supplier Code of Conduct-

The CEO must approve all deviations from this Code of Conduct.

## Responsibility

Our Stakeholders are expected to familiarise themselves with this Code of Conduct and to conduct their duties in compliance with the principles set out herein. In doing so, our employees shall use good judgement and seek guidance from their manager or others as set out herein when necessary.

The Executive Management of the Company is responsible for the implementation of the Code of Conduct and monitoring of its operational effectiveness, including ensuring appropriate (hereunder risk-based) communication and training. The CFO shall procure that the Code of Conduct is updated to reflect changes in applicable laws, regulations and policies.

The Board of Directors shall periodically receive reports on the level of compliance within the Company.

## Guidelines and framework

The Code is based on the ten Principles of the United Nations Global Compact concerning human rights, labour rights, environmental responsibility and anti-corruption.<sup>1</sup>

## Laws and regulations

EFD Induction will always act in accordance with applicable laws and regulations. If EFD Induction’s rules and regulations are more comprehensive than the country’s laws, and not in conflict with applicable laws and regulations, the EFD Induction’s rules shall apply.

A central part of our policy is to comply with internationally accepted guidelines and conventions adopted by the UN and the OECD.

## Disciplinary actions and criminal sanctions

Violations of this Code of Conduct and other applicable law or regulations may expose both the EFD Induction and individuals to civil and/or criminal penalties.

We will not accept violations and appropriate actions will be taken. Properly founded allegations or evidence of violations will result in

*RESPONSIBILITY: The CFO, Espen Schie, shall procure that the Code of Conduct is updated to reflect changes in applicable laws, regulations and policies.*



2) <https://www.ilo.org/declaration/lang--en/index.htm> (last visited on 26 October 2020).  
3) <https://www.oecd.org/corporate/mne/> (last visited on 26 October 2020).



## **ZERO TOLERANCE**

**EFD Induction shall be a world-class company with zero tolerance for illegal or unethical behaviour.**

**If you suspect or witness any unethical conduct, follow the whistleblowing policy.**

investigations and disciplinary actions if appropriate. Disciplinary actions will range from verbal warnings to dismissal.

Violations and incidents may be reported to the authorities, and the Company will support criminal investigations and prosecutions when relevant.

### **Guidance and reporting**

Even though this Code of Conduct provides guidance on the principles set out herein, the Code of Conduct does not answer all questions our employees may have. Hence it is important that Stakeholders use good judgment, and in the case of uncertainty, seek guidance from their manager, local Managing Director or Group Executive Management, and/or other relevant procedures and guidelines adopted by EFD Induction.

Stakeholders are encouraged to immediately report if they suspect or witness any unethical conduct, breach of this Code of Conduct or other policies and applicable law. Employees should also be aware that they may have a duty to report concerns under their employment contract or applicable law.

As a main rule, concerns should be reported to the line manager or local Managing Director. Concerns may also be reported to the public authorities. EFD Induction expects all employees to be familiar with the [whistleblowing procedure available on the Intranet](#) which provides detailed guidance on what to report, who to report to, and what to expect in the whistleblowing process.

Anyone who reports such matters will be protected from retaliation. Every report will be taken seriously and will be followed up in an appropriate manner. Whistleblowers are entitled to confidentiality in accordance with applicable law and even reports made anonymously will – to the extent possible – be followed up by EFD Induction.

## People

### Human rights

All Stakeholders in EFD Induction shall respect human rights, and always act in line with the rules and principles laid out in the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work<sup>2</sup> and the International Bill of Human Rights, and the OECD Guidelines for Multinational Enterprises<sup>3</sup>.

### Health, safety and work environment

In EFD Induction, we strive to conduct our business activities in a way that avoids harm, damage and injuries to persons.

EFD Induction supports the International Labour Organization's (ILO) fundamental principles and rights at work, and Stakeholders shall comply with all fundamental labour rights and applicable laws and regulations. These include for instance the right to freedom of association, elimination of all forms of forced or compulsory labour, abolition of child labour and elimination of discrimination in respect

of employment and occupation. EFD Induction shall ensure fair salaries, safe working conditions (including necessary supervision and protection from fire and other dangers), a good workplace environment, and have in place a whistleblowing procedure for the reporting of concerns by Stakeholders.

### Working Hours

EFD Induction will ensure that working hours correspond at least to the respective national legal requirements or the minimum standards of the respective national economic sectors. If there are no legal requirements or minimum standards the international standard of the ILO shall apply.

### Prohibition of child labour

EFD Induction does not accept any form of child labour or that children below the lawful minimum age for admission to employment are engaged in our business. If persons below the age of 18 are involved, we demand special precautions to safeguard their health, security and rights. Persons below the age of 18 shall not perform dangerous or night time labour, and their work shall not inflict damage on their education or development. EFD Induction and its Stakeholders fully support, and will act in accordance with, the UN Convention on the Rights of the Child<sup>4</sup>.

### Discrimination and harassment

All individuals shall be treated fairly and with respect and dignity. Any kind of discrimination due to gender, ethnicity, national origin, descent, skin colour, language, religion, sexual orientation, family situation or disability, or any other basis prohibited by law, is not accepted in EFD Induction. All people shall at any time be treated with respect and dignity.

**EFD INDUCTION SHALL ENSURE FAIR SALARIES, SAFE WORKING CONDITIONS AND A GOOD WORKPLACE ENVIRONMENT.**



4) <https://www.ohchr.org/en/professionalinterest/pages/crc.aspx> (last visited on 26 October 2020).  
5) <https://www.unglobalcompact.org/what-is-gc/mission/principles> (last visited on 10 December 2020).

## Hazardous substances and conflict materials

In EFD Induction we comply with applicable laws and regulations regarding the use, prohibition and restriction of hazardous substances and we will avoid use of conflict materials, i.e. materials that originate from conflict areas and contribute to fund governments and movements which violate fundamental human rights.

## Environment

EFD Induction applies guidelines based on the environmental standards incorporated in the Ten Principles of the UN Global Compact<sup>5</sup>. EFD Induction is committed to sustainability by continuously improving energy efficiency and minimising discharge, emissions and waste, and by otherwise adhering to applicable laws and regulations to minimise environmental impact and prevent danger to the environment.

## Integrity and anti-corruption

### Conflict of interest

Our employees and representatives shall always act impartially in all business matters and shall avoid all conflicts of interest. This basic principle, and the guidelines set out herein, shall ensure that (i) all business-related decisions are made in the interest of the company, and that (ii) our employees are not put in a position where their integrity is subsequently questioned.

Conflicts of interest can arise when personal interests or family and other allegiances are at odds with company interests. Such situations may arise when an employee is in position to award business contracts, hire staff or is in contact with competitors. Employees shall therefore not be involved in outside business activities without prior approval of the management. Nor shall employees have ownership interests in suppliers or competitors, or award business to companies controlled by family members or friends.



*GREEN ENERGY: EFD Induction has established itself as the world's leading supplier of heating solutions for the renewable energy sector.*



*ENVIRONMENTAL IMPACT: Mango trees planted at EFD Induction India. Planting trees helps to nurture and protect our planet.*

Transparency is key in handling situations that potentially include conflicts of interest. An otherwise unproblematic situation may, if being handled in a non-transparent manner, raise serious questions about the employee's integrity. Hence, where an employee suspects that a situation could create a conflict of interest, or even the appearance of a conflict, the employee should disclose this to his/her manager in writing.

Notwithstanding and without limiting the above, employees shall as a usually not participate in a business decision which involves someone in their immediate family (spouse, siblings, children, grandchildren, parents and grandparents) or the immediate family of such persons, or a company in which they are holding an ownership interest which is not insignificant. Employees shall always notify their manager of such situations and ask for guidance.

### **Anti-bribery and corruption**

EFD Induction does not tolerate bribery or corruption in any form. Each and every one of us must comply with applicable anti-bribery and corruption laws and regulations, as well as actively strive to make sure our business partners share this commitment. People and business, hence also EFD Induction, benefit from well-functioning markets and corruption prevents countries from transforming into efficient market economies. Engaging in corruption may not only have serious effects on EFD Induction, but also on the individuals involved and may result in criminal charges, penalties or sanctions.

Bribery, corruption and facilitation payments (paying "a small token", usually for services someone is entitled to receive) are prohibited in all business transactions, whether with public officials or private business partners. This means that we shall not, directly or indirectly, offer, give, accept, receive, request or agree to receive any advantage which may be considered to be improper and must at all



*COMMITMENT: EFD Induction is committed to integrating our environmental, social and corporate governance responsibilities into our business decisions and operation.*



times comply with applicable laws and regulations. An advantage which has no legitimate business purpose, and which is normally given to influence the recipient for an improper purpose, including to obtain or retain business or any business advantage, is always considered to be “improper”. It is however not a requirement that an advantage was offered with the intention to influence someone and it is sufficient that an advantage may be considered to be improper under circumstances at hand.



Under certain circumstances, it may be difficult to draw the line between acceptable and common advantages in a business relationship, e.g. a modest business lunch after a conference, and an improper advantage.

### **Gifts, hospitality and travel expenses**

**Gifts:** A gift can be anything of value (hereunder discounts), and the value does not need to be high. Irrespective of the value, gifts may have the appearance of an advantage. Without the prior written approval from local Managing Director, gifts shall never be offered, given, accepted or received. An exception is promotional items of minimal value, or other minor gifts with a value below EUR 40, if the gift is an expression of gratitude for a contribution to an event, meeting, course or similar or if it would be disrespectful not to accept the gift. Also, with the approval of the local Managing Director, gifts must always be of moderate value.

**Hospitality:** Exercise caution and good judgment in relation to the reasonableness and proportionality of offering or accepting hospitality which shall be proportionate to the markets in which the hospitality is being offered or received and which shall consider the cumulative impact of multiple events of hospitality. The local Managing Director shall be consulted in the case of uncertainty on whether hospitality should be accepted or offered.

Meals, travel and accommodation expenses for our employees shall as a rule always be paid for by EFD Induction, and not by the third party offering the hospitality.

- Gifts exceeding a value of EUR 40 cannot be given or received by any employee.
- No gifts or hospitality shall be given or received in a procurement and sales process, contract negotiation or transaction. Exceptions can be made for simple meals, shared transport and similar for practical reasons, if the amount is reasonable and does not provide a basis for questioning the impartiality or independence.
- Cash, vouchers that can be exchanged to cash and similar gifts are never allowed.
- Offering or accepting hospitality is only be acceptable where this has a clear business purpose, the host is present, and the cost is reasonable.
- All gifts, hospitality, travel expenses offered or accepted shall be reported to management by travel expenses reports or otherwise. This includes offers which have been declined or returned.
- All travels paid by third parties shall be approved by local Managing Director in advance.

Employees shall not receive discounts on personal purchases of goods or services from EFD Induction’s business partners unless the discount scheme is generally applicable to all employees in the company. Before EFD Induction enters into cooperation agreements, joint ventures or targets to acquire a company, due diligence procedures are mandatory to reveal any deviation from EFD Induction’s non-tolerance guideline regarding bribery and corruption.

## **Loans and guarantees**

Employees and persons closely related to them shall not without prior written consent from local Managing Director accept loans or guarantees from any of the EFD Induction's business partners, except loans and guarantees on market terms from partners who issue such loans and guarantees as a regular part of their activity.

## **Sponsorships and donations**

A particularly large corruption risk may be associated with donations and sponsorships as this entails giving of potentially large gifts without any clear business purpose, and that such organisations may to a varying degree be transparent.

Religious or political groups, organisations or candidates may not be sponsored or donated to. Sponsorships and charitable donations may be given only in accordance with clear, legitimate and publicly available criteria. Charitable donations and sponsorships shall not be made where they could influence ongoing negotiations or public procedures, e.g. permit processes.

Donations and sponsorships shall always be subject to a satisfactory integrity due diligence of the recipient.

## **Anti-money laundering**

Money laundering occurs when funds from illegitimate sources are channelled into legitimate business activities and the financial market. EFD Induction opposes all forms of money laundering and complies with all applicable anti-money laundering laws and regulations. This includes having adequate measures in place to allow for the identification and correct handling of potentially illegitimate funds, for example by the establishment of due diligence procedures for new business relationships.

Employees must learn to watch for warning signs, which include customers who are reluctant to share information or wish to make payment in cash, and inform line management without delay.

## **Trade sanctions and export control**

Trade sanctions and export control regimes are becoming increasingly complex and are imposed on a variety of sectors, countries and persons. Such

laws may impose restrictions on the sale, shipment, electronic transfer, provision, or disclosure of information, software, goods, assets, funds, and services across national borders or involving parties subject to trade sanctions.

EFD Induction and its Stakeholders shall comply with trade sanctions and export control laws and regulations imposed by the UN, EU and US, in addition to any other applicable trade sanctions and export control regimes.

## **Insider trading and trading in securities**

The Company's owner, Arendals Fossekompagni ASA, is publicly listed on the Oslo Stock Exchange and is subject to laws concerning transactions in publicly traded securities (insider trading). This affects EFD Induction and our employees. Our employees shall therefore familiarise themselves and comply with the [Insider Manual for AFK subsidiaries](#).

## **Business conduct**

### **Fairness and competition**

EFD Induction Stakeholders shall be trustworthy, honest and fair in all dealings, internally as well as with customers and suppliers. Pricing of transactions between companies in the EFD Induction Group shall be based on the "arm's length principle". The intra-group pricing principles are described in detail in the EFD Induction Group Transfer Pricing Guidelines. This facilitates accounting and monitoring of subsidiaries' operations and assures compliance with national tax regulations.

EFD Induction has no tolerance for violations of applicable competition principles, laws and regulations in any country and expects fair competition and avoid misuse of confidential information. This includes inter alia not taking part in or supporting illegal cooperation on pricing, illegal market sharing, abuse of a dominant position or any other activity that constitute breach of applicable competition laws and regulations.

We believe that EFD Induction will benefit in the long run from free competition and well-functioning markets because this gives the best foundation for establishing sustainable competitiveness.

### **Sobriety**

The Board of Directors, management and other employees are accountable for operational profitability and will consequently work to minimize cost spending whenever possible. This means that sobriety will be the basic attitude when it comes to spending money for any purpose. Travels shall be based on the most cost efficient alternative available. Compensation packages, company cars and other benefits shall be kept at a sober level, taking local habits and conditions into consideration.

### **Protection of company property**

EFD Induction seeks to give employees the equipment and information they need to do their job in the best possible way. Employees must handle physical assets, information and intellectual property with care to avoid loss, theft or damage. Limited personal use of company assets is only possible after

management approval and provided that this is not in conflict with company interests.

### **Political and religious activities**

EFD Induction's funds or assets must not be used as contribution for political campaigns or political or religious practices under any circumstances without the prior written approval of the Board. At EFD Induction, we do not seek reimbursement for political contributions or use company resources for personal political activities. Furthermore, we do also not indicate in any manner that we represent the company's opinion about a candidate for office or any political cause or decision of any government. Only the Board of Directors, represented by the Chairman or somebody authorized by the Board, can make statements of such character on behalf of the company.



*EFD Induction seeks to give employees the equipment and information they need to do their job in the best possible way.*

## Handling of information and communication

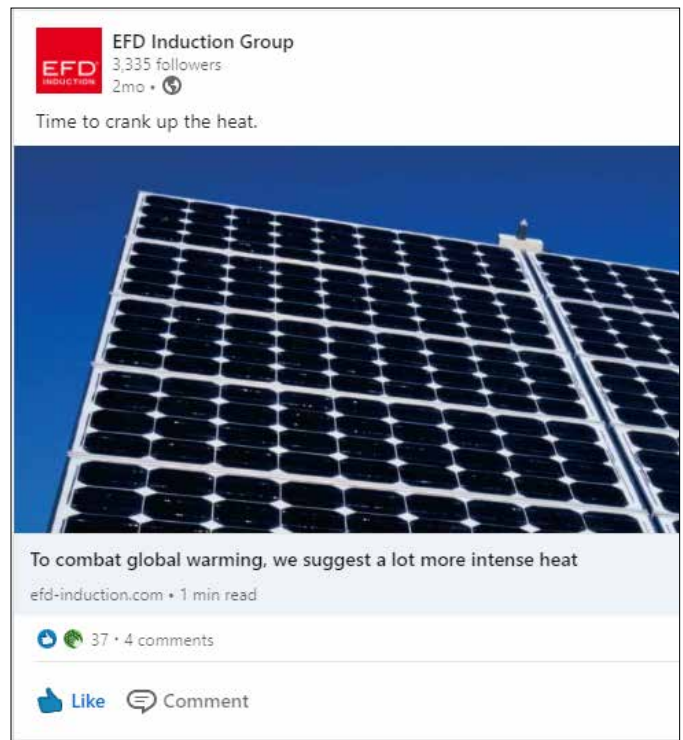
EFD Induction and its Stakeholders shall comply with applicable laws and regulations with regard to data protection, confidentiality and trade secrets.

### Confidential information and trade secrets

For EFD Induction, its confidential information is a valuable asset and shall be protected. Confidential information includes all non-public information (regardless of its source) that might be of use to the company's competitors or harmful to the company, if disclosed. We must take care that all confidential information is used for company business purposes only and we shall not use it for our personal benefit. Unless the company has provided its specific consent, which should preferably be in writing, or there is a legal or professional right or duty to disclose, Stakeholders are prohibited from disclosing confidential company information. EFD Induction expects that such information is not passed on to any third party even after the relationship with the Stakeholder has been terminated.

### Responsible use of social media

Social media channels such as Facebook, Instagram and LinkedIn are becoming increasingly popular and relevant, not just in people's personal lives but also in work related matters. Such sites allow for, and promote, communication, discussions and information sharing. EFD Induction is positive towards employees' use of social media. However, it is important to be responsible and aware of certain pitfalls. Stakeholders shall not disclose confidential information of financial, operational and legal nature that pertains to EFD Induction or our customers and business partners. Published information that is harmful to EFD Induction may constitute a breach of loyalty. If you discover that you have published something that could potentially be harmful, correct it immediately and alert Marketing & Communications.



Respect your colleagues' and business partners' right to privacy and refrain from posting photos and tagging them without their explicit permission. Regarding LinkedIn, Marketing & Communications would appreciate any suggestions that can be published on our company site, which Stakeholders in turn may share. The social media policy is described in a separate document - [Social media policy](#).

### Cooperation between management and employee representatives

EFD Induction is committed to follow local laws and regulations for sharing company information with employees and to establish required bodies for exchange of information and opinions on company matters with representatives of the employees. Even if local regulations are not established, EFD Induction will see to that employees are kept informed about matters that influence the development of the company.

## Cooperation with third parties

International transactions show that third parties, including agents and consultants, may be used to conceal the payment of bribes to foreign officials in international business transactions. Such third parties are also not under the same control and scrutiny as EFD Induction's own employees.

If an engagement of agents or consultants is (i) outside the ordinary course of business, or (ii) relating to any dealings or contacts with public officials, then a prior written approval is required from Chief Commercial Officer which requires that a satisfactory risk-based integrity due diligence of the third party is conducted. The same applies if the consultant or agent is new or unknown to the company, or if the compensation is of an unusual character.

Agreements with third parties shall:

- (i) be in writing,
- (ii) the services to be performed shall be described in detail,
- (iii) the compensation shall be proportional to the services received, and
- (iv) the compensation shall be subject to a maximum cap set out in the agreement.

## Whistleblowing policy and procedure on handling concerns

The whistleblowing policy is described in a separate document – [Whistleblowing policy](#).

The procedure on the handling of concerns is described in a separate document – [Procedure on the handling of concerns](#).



# SMART HEATING FOR A CLEAN AND GREEN FUTURE

