

	<b>GOVERNING POLICIES</b>	Doc. no.	ADM03-03
	<b>SUPPLIER CODE OF CONDUCT</b>	Rev. no.	01
		Originated:	02.10.2014
		Last rev. date:	
		Prep. by:	TSE
		Owner	BOD
		Appr. by	GHA
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### **3.3.0. SUPPLIER CODE OF CONDUCT**

The KNOT Management Supplier Code of Conduct (herein referred to as the “Code”) formalises the key principles under which suppliers to KNOT Management, any subsidiary, other associated company or companies under management of KNOT Management are required to operate. In selecting suppliers, KNOT Management works hard to choose reputable business partners who are committed to ethical standards and business practices compatible with those of KNOT Management.

The Code formalises KNOT Management’ practices and makes clear that, recognizing differences in cultures and legal requirements, we expect that wherever services for our business are procured, and/or where our products and the components that comprise them are produced, they are procured and/or produced in a manner compatible with the high standards that contribute to the outstanding reputation of KNOT Management and our brands. Suppliers, including agents and intermediaries, are required to comply with this Code, and are accountable for ensuring that their subcontractors, subsidiaries and associated companies comply with the same Code.

This Code applies to all stages and facilities involved in the service and/or production of products and components for KNOT Management or any subsidiary or other associated company.

To ensure a socially responsible maritime industry worldwide, KNOT Management require its suppliers to adhere to all relevant laws, rules and regulations, and to strive to improve their practices where necessary. Improvements also involve suppliers making certain their individual sub-suppliers adhere to the same standards and legal requirements. KNOT Management acknowledges that reaching the standards established in this Code is a dynamic rather than static process and encourages suppliers to continually improve their standards in areas where required.

#### **3.3.1. Relationship with national law**

In addition to complying with this Supplier Code of Conduct the Supplier shall comply with applicable local laws. If the applicable local laws and this Code address the same subject, and are not in conflict, the highest standard shall apply. Should this Code in any area conflict with local laws in the sense that the Code would result in a breach of applicable local law, the highest standard consistent with applicable local laws shall apply. Such conflict shall be reported in writing by the Supplier to KNOT Management.

#### **3.3.2. Human rights**

The Supplier shall respect internationally proclaimed human rights, and shall avoid being complicit in human rights abuses of any kind. The Supplier shall respect the personal dignity, privacy and rights of each individual.

#### **3.3.3. Labour standards**

##### **3.3.3.1. ILO’s fundamental conventions**

In addition to complying with the provisions of this Code the Supplier shall follow the ILO (International Labour Organisation) conventions which are legally binding for all member

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states to the ILO, even if they have not ratified the respective conventions, provided that the Supplier is a resident of such member state.

### **3.3.3.2. Freedom of association and the right to collective bargaining**

The Supplier shall ensure and recognise the right of free association and, where a significant proportion of the workforce agree, collective bargaining of employees and/or workers (employees and/or workers herein to be collectively referred to as “worker/workers”).

The Supplier shall not discriminate against worker’s representatives or members of trade unions, which shall also have access to carry out their representative functions in the workplace.

Where the right to freedom of association and collective bargaining are restricted under national law, the Supplier shall allow workers to freely elect their own representatives.

### **3.3.3.3. Forced labour**

The Supplier shall not use forced or compulsory labour, including, but not limited to, debt bonded labour. The Supplier shall ensure that the work relationship between the worker and the Supplier is freely chosen and free from threats.

The Supplier shall ensure that all workers shall be free to leave their employment after giving reasonable notice. Workers shall not be required to lodge deposits of money, identity papers or similar in order to get or keep their employment.

### **3.3.3.4. Child labour**

The Supplier shall not employ or use child labour. In this Code “child” means anyone under 15 years of age, unless national or local law stipulates a higher mandatory school leaving or minimum working age, in which case the higher age shall apply. “Child labour” means any work by child or young person unless it is considered acceptable under the ILO Minimum Age Convention 1973 (C 138).

### **3.3.3.5. Non-discrimination**

The Supplier shall prohibit direct or indirect negative discrimination based on race, colour, sex, sexual orientation, language, religion, political or other opinion, national or social origin, property, birth or other status, and shall promote equality of opportunity or treatment in employment and occupation.

The Supplier shall prohibit and refuse to tolerate, and not confer upon its workers, any unacceptable or degrading treatment, including mental cruelty, sexual harassment or discrimination gestures, language or physical contact that is sexual, coercive, threatening, abusive or exploitative.

### **3.3.3.6. Employment conditions**

The Supplier shall provide remuneration that meets any national legal standard on minimum wage. The basis on which workers are being paid is to be clearly conveyed to them in a timely manner.

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The Supplier shall secure that working hours are not excessive and as a minimum comply with applicable local laws.

The Supplier shall respect the individual worker's need for recovery and secure that all workers have the right to adequate leave from work with pay.

The Supplier shall secure that all workers are provided with written agreements of employment setting out employment conditions in a language understandable to the worker.

#### **3.3.4. Health and safety**

The Supplier shall secure that the workers are provided with a healthy and safe working environment in accordance with internationally recognized standards.

The Supplier shall do its utmost to control hazards and take necessary precautionary measures against accidents and occupational diseases. Whenever necessary workers are to be provided with, and instructed to use, appropriate personal protective equipment.

The Supplier shall provide adequate and regular training to ensure that workers are adequately educated on health and safety issues.

The Supplier shall secure that, where it provides accommodation, it shall be clean, safe and meet the basic needs of the workers, and, where appropriate, for their families.

#### **3.3.5. Environment**

The Supplier shall take a precautionary approach towards environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies.

The Supplier shall act in accordance with relevant local and internationally recognised environmental standards.

The Supplier shall minimise its environmental impact and continuously improve its environmental performance.

#### **3.3.6. Prohibited business practices**

##### **3.3.6.1. Corruption and other prohibited business practices**

KNOT Management is firmly opposed to all forms of corruption. Knutsen NYK Offshore Tanker's objective is to compete in the marketplace on the basis of competitive services and prices. Under no circumstances whatsoever is it permitted to offer, promise, give, solicit, request, receive, agree to receive or accept any form of financial or other bribe, advantage, kickback or improper or illegal inducement or reward.

KNOT Management expect that the Supplier shall comply with applicable laws and regulations concerning bribery, corruption, fraud and any other prohibited business practices. The Supplier shall not offer, promise or give any undue advantage, favour or incentive to any

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public official, international organisation or any other third party. This applies regardless of whether the undue advantage is offered directly or through an intermediary.

### **3.3.6.2. Gifts, hospitality and expenses**

The Supplier shall not, directly or indirectly, offer gifts to KNOT Management' employees or representatives or anyone closely related to these. Neither, KNOT Management nor its employees will accept or offer any gift, hospitality, promotional or other expenditure that may influence the recipient's integrity.

Hospitality, such as social events, meals or entertainment may be offered if there is a business purpose involved, and the cost is kept within reasonable limits. Travel expenses for the individual representing KNOT Management shall be paid by KNOT Management. Gifts shall not be offered or received in situations of contract negotiation, bidding or award.

### **3.3.6.3. Money laundering**

The Supplier shall be firmly opposed to all forms of money laundering and shall take steps to prevent its financial transactions from being used by others to launder money.

### **3.3.6.4. Competition**

The Supplier shall under no circumstances cause or be part of any breach of general or special competition regulations, such as illegal cooperation on pricing, illegal market sharing or any other behaviour that is in breach of relevant competition laws.

### **3.3.7. Adequate books, records and audits**

The Supplier shall have honest and accurate recording and reporting of information. As such, the Supplier's books, records and accounts must accurately and fairly reflect the Supplier's transactions in reasonable detail and in accordance with generally accepted accounting principles. Monitoring and enforcement procedures will be implemented by the Supplier to ensure conformance with anti-corruption laws.

KNOT Management may, and may engage third parties to, conduct onsite audits or issue-based assessments of the Supplier's conformance with the Code, as well as relevant laws, codes and ordinances (the "CR Audit") and notwithstanding any term in the Supplier's agreements with KNOT Management, such CR Audits may be conducted without notice.

### **3.3.8. Violation of policy**

Breach of the Code may result in actions being invoked against the Supplier, in addition to any contractual or legal remedies. The actions applied will depend on the nature and seriousness of the breach and on the degree of commitment shown by the Supplier in breach to its obligations under the Code.

### **3.3.9. References**

ILO's conventions

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**ANNEX A**  
**SUPPLIER CODE OF CONDUCT**  
Compliance Certificate

**ACKNOWLEDGEMENT**

An acknowledgment and acceptance of the Supplier Code of Conduct (the “Code”) must be submitted. This is to certify that I have fully read the Code attached and understand the responsibilities as a supplier to KNOT Management or any subsidiary or other associated company. Having fully read and understood the completed requirements of this Code, I hereby commit myself and my company to serve this Code and to fully comply with all of its principles. I also certify that I am authorized by my company to sign and accept this document on its behalf.

**VIOLATION OF POLICY**

Breach of the Code may result in actions being invoked against the Supplier, in addition to any contractual or legal remedies. The actions applied will depend on the nature and seriousness of the breach and on the degree of commitment shown by the Supplier in breach to its obligations under the Code. The range of actions available to be imposed on the Supplier includes, but is not restricted to, the following:

- Formal warnings: that the continued non-compliance will lead to more severe actions;
- Disclosure of nature of breach to all subcontractors, subsidiaries and associate companies;
- Immediate termination of contract, without recourse.

I am aware that this signed Compliance Certificate will be filed with the company’s records with KNOT Management.

\_\_\_\_\_  
Supplier/ Company name (type or print name)

\_\_\_\_\_  
Address

\_\_\_\_\_  
Representative (type or print name and business title)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Place and Date