



Kela's Code of Conduct for Suppliers

Contents

Purpose of the Code of Conduct for Suppliers	3
Scope and application	4
Compliance with laws and government regulations	5
Human rights	6
Labour rights and obligations relating to working conditions	7
Health and safety	10
Environment	12
Ethical practices	14
Conformity with requirements	15
Reporting of concerns and violations	16

Photos: Kela

1. Purpose of the Code of Conduct for Suppliers

The operations of Kela (The Social Insurance Institution of Finland) are based on the following values: respect for the individual, expertise, cooperation and renewal. We expect our suppliers of products and services to recognise and commit to these values.

Corporate responsibility is an important element of our strategy and operations. We promote sustainable development by addressing the wellbeing needs of our customers, staff and environment and by paying attention to economic sustainability. We want to ensure that the products and servic-

es we purchase are produced in socially responsible and environmentally sustainable conditions.

This Code of Conduct sets forth the minimum standards that each of our suppliers must comply with. They are aligned with the UN Guiding Principles on Business and Human Rights¹, and its Global Compact initiative² as well as the International Labour Organisation standards³.



2. Scope and application

Our suppliers shall commit to this Code of Conduct and ensure that the minimum standards formulated in it are fulfilled, both in their own operations and in their supply chain. Suppliers shall ensure and monitor their own suppliers in terms of their compliance with legislation and with the corporate social responsibility standards associated with the delivery of products and services to Kela.

The requirements having to do with the supply chain are emphasised in this Code of Conduct by the reference to “employer”. “Employer” also refers to the supplier itself in its capacity as employer.

The agreement between the supplier and Kela is referred to as “agreement” or “master agreement” The Code of Conduct for Suppliers is an essential part of the agreement between Kela and its suppliers. All of the principles outlined in the Code of Conduct may not be applicable or relevant to each product or service. However, if a product or service contains any elements of this Code of Conduct or has an impact on any of the elements referred to in it, the principles of the code must be adhered to. Suppliers are expected to adhere to the code also when its requirements surpass those established by law or regulations.

The products and services produced for Kela and its customers must be produced in conditions which meet the minimum requirements set out in sections 3-8 below.



3. Compliance with laws and government regulations

Suppliers shall comply with the national laws of the country in which its products or services are produced. However, in the event that the requirements set out in this document surpass those imposed by the national laws, suppliers shall meet the requirements of this document.



4. Human rights

4.1. Respect for human rights

Suppliers are responsible for respecting and promoting, in their own operations and in their supply chain, internationally recognised human rights, by which are meant at least the UN Universal Declaration of Human Rights⁴ and the ILO Declaration on Fundamental Principles and Rights at Work.⁵

Suppliers shall ensure that it does not contribute, either directly or indirectly, to violations of human rights. Suppliers shall also take steps to prevent and alleviate its negative impact on human rights. Suppliers shall not allow human rights to be violated with or without financial benefit, also in the case of companies which are part of its supply chain.

Additionally, suppliers are expected to be familiar with and to respect the rights of such vulnerable groups as indigenous peoples, migrant workers, women, children and persons with disabilities, as well as those of the local communities, as they relate to the product or service being offered to Kela.

4.2. Complaint mechanisms

Suppliers shall ensure that their employees and other relevant parties, including their own suppliers and local communities, have appropriate complaint mechanisms at their disposal.



5. Labour rights and obligations relating to working conditions

The principles associated with the human rights and employee rights referred to in this Code of Conduct are applied to all workers of the supplier regardless of the nature of their employment, including temporary workers, seasonal workers, migrants or other workers in the supplier's employ.

5.1. Child labour and young workers

It is forbidden to use child labour. Children may not be required to perform work which is detrimental to their educational progress or which harms their health or development. The minimum age for employment shall be 15 years.

Children who are 15 but not yet 18 years of age may perform work which, by its nature or the circumstances in which it is performed, is not harmful to their health, security, education or moral well-being. Children under 18 may not be required to work at night or to work overtime.

If child labour is discovered, suppliers must intervene and, together with the employer, the child and his or her family, and any other appropriate parties, take steps to ensure that the child's interests are protected.

5.2. Forced labour

It is forbidden to use forced labour. Forced labour means any work or service that is exacted from a person under the threat of penalty, and for which that

person has not offered himself or herself voluntarily. Forced labour can be recognised by applying the ILO Indicators of Forced Labour.

Besides forced labour, it is forbidden to use slave labour, bonded labour or involuntary prison labour. All employment relationships must be of a voluntary nature and employees shall have the right to resign at reasonable notice.

Employers and employment agencies may not hold onto or otherwise conceal, confiscate or destroy the documents proving the employees' identity or right of residence, such as identity cards, passports or working permits, or to prevent the employees from having access to such documents, unless such action is required under the national laws. The documents must be returned to the employees without delay.

Employees may not be required to make any payments to employers, employment agencies, etc., such as recruiting fees, in return for their employment or job search. If such payments have been required, they must be returned to the employees.

5.3. Non-discrimination and fair and equitable treatment

Suppliers must treat all employees equally and with dignity. There shall be no discrimination based for example on race, colour, sex, marital status, pregnancy, religion, social or ethnic origin, nationality, physical characteristics, age, political opinions, membership of a trade union, or sexual orientation in connection with the recruitment or the employment.

Discrimination means any different treatment of specific persons, such as segregation, exclusion or favouritism, which is not based on the requirements or nature of the job but can be considered to be unequal treatment arising from prejudice.

It is forbidden to harass employees. Harassment refers to the inhumane treatment of employees, including sexual harassment and exploitation, physical punishments, mental or physical coercion and harassment, verbal harassment, or the threat of any of the above.

Suppliers must encourage the acceptance of diversity and promote equal opportunities for all employees.

5.4. Right of unionisation and collective bargaining

Suppliers shall respect their employees' right to unionise and to join or not to join their preferred organisations, as well as their right to collective bargaining. Employers shall respect, within the applicable legislation, the right and freedom of employees to unionise and to engage in collective bargaining. This means various formal and informal forms of cooperation aimed at collectively supporting and protecting employees' interests at the workplace and in the workplace community. The employer must inform the employees of this right.

In countries where the right of unionisation is not fully recognised, employers must lend support to practices aimed at enabling employees or their elected representatives to meet with workplace management to discuss questions relating to pay and working conditions without fear of negative repercussions.

5.5. Wages, benefits and compensations

Wages must be paid directly to each employee in the full amount and at the agreed time, at intervals of no more than one month. Under no circumstances shall the wage be less than the minimum wage applicable in the particular industry and country of employment or the minimum wage specified in the applicable collective agreement, whichever is higher. Kela encourages suppliers to pay a living wage⁷.

Employees shall be paid compensation for overtime in accordance with legislation, industry practice or the applicable collective agreement, whichever is highest.

Employees must be given a pay slip or equivalent itemisation which they can use to check that the wage is correct. Overtime compensations must be indicated clearly in the pay slip. No punitive deductions shall be made from the wage or other benefits.

5.6. Employment contract and terms of employment

Suppliers shall make an employment contract with each employee, and it shall be drawn up in a language understood by the employee.

The employment contract must indicate the employee's rights and the terms of employment.

5.7 Working hours, breaks and leaves of absence

Suppliers shall comply with all local laws and regulations and/or collective agreements concerning the working hours, days off and overtime work. The working time may not exceed 60 hours or six days per week, or the maximum specified by the laws applicable at the place of employment, including overtime. The maximum may only be exceeded in the event of an impending or already occurred accident, a force majeure event, or an urgent need of repair or maintenance, and only to the extent required to avoid significant disruption of work performed for the employer. Overtime work must be voluntary.

Suppliers shall enable the employees to take regular and appropriate breaks during the working hours. Employees shall have at least one day off in each seven-day period of work. Absences such as vacations, illnesses and parental leaves must be compensated in accordance with the national laws. Absences and annual leaves must be recorded.

6. Health and safety

6.1. Occupational health and safety

Suppliers shall always prioritise the health and safety of their employees. Suppliers shall, at a minimum, comply with the local laws and regulations on occupational safety and health.

The working environment must be healthy and safe for the employees. This means that employees are not exposed to conditions which could jeopardise their physical or mental health, or that the employer ensures that the employees are appropriately protected against such exposure. Employees shall be provided with appropriate protective equipment as needed. The employer is responsible for protecting the employees also against occupational health risks which are caused by threats of a non-physical nature. This includes risks related to burn-out or work-related stress. Employees shall have the right to decline dangerous assignments without sanction or threat of sanction.

The employer shall provide the employees with access to appropriate occupational health services.

The employees shall be given training and information on work-related procedures and on risks and how to prevent them, including fire safety, dangerous job tasks and first aid. Safety instructions must be displayed clearly

in the suppliers' premises. Training events and safety instructions must be available in a language understood by the employees. Training events and accident statistics must be recorded.

Suppliers shall offer employee access to drinking water, adequate ventilation, lighting and a reasonable temperature at the workplace, and maintain acceptable standards of noise and dust. The employees shall have access to first-aid equipment as needed.

6.2. Emergency preparedness and accident prevention

The employer shall prevent, monitor and report any work-related accidents, near misses, negative health impacts and illnesses. Employees are encouraged to report such accidents and illnesses, near misses, negative health impacts and any risk factors they may identify. Any exposures and risk factors shall be analysed and monitored, and action shall be taken to prevent their harmful impact.

The employer shall identify potential emergencies and draw up plans and guidelines aimed at minimising their negative impact on employees, the environment and the business operations. The employer shall also have a plan and a pre-defined set of measures to be taken in the event of natural

disasters. The employer shall take immediate corrective action when informed of potential exposures or risks. The work machinery and tools shall be equipped with appropriate safety and protective features. Facilities shall be equipped with fire alarms or equivalent fire detection systems. The fire detection systems must be tested regularly.

Emergency exits must be marked clearly, and they may not be blocked or locked. Evacuation drills must be organised regularly and they must be logged.

6.3. Break rooms and common areas, accommodation

The employer shall provide the employees with a break room separate from the working areas and ensure that the employees have access to appropriate sanitary facilities and mealrooms.

Should the employer offer accommodation, such as a dormitory, to the employees, it must be built and maintained in accordance with the applicable laws and regulations and must be located clearly separate from the production area. The accommodation must be safe and provide reasonable privacy and personal space. Suppliers shall provide the employees with a clean toilet, shower and bathroom, drinking water, space to prepare, store and eat meals, adequate heating, and ventilation.



7. Environment

Suppliers shall ensure that the products and services they sell have been produced in an environmentally sound manner. At a minimum, suppliers must comply with the local environmental laws and regulations of their country of operation. Suppliers commit to ensure that they do not violate the environmental regulations of the European Union or national laws and regulations. Suppliers must ensure that they have all the necessary environmental licences, permits and registrations necessary for their operations. Suppliers must also update and comply with the aforementioned documents.

Suppliers shall operate systematically and proactively in support of their environmental responsibilities and the sustainability of their operations and to minimise the environmental impact of their operations. Suppliers shall enforce environmental requirements also in relation to their supply chain.

Suppliers must review environmental infractions and demands systematically and inform the staff and outside stakeholders of them.



7.1. Climate and environment

Suppliers shall identify, monitor, manage and mitigate their airborne emissions from sources that are central to their operations. Kela encourages suppliers to calculate their carbon footprint⁸ and to take measures to reduce it.

Also other emissions, such as noise, odours and dust, must remain within the specified parameters.

Kela encourages suppliers to use environmentally friendly technologies and solutions whenever possible.

7.2. Resource efficiency

Suppliers shall use raw materials and other materials wisely and seek to reduce their water consumption. Waste water must be treated appropriately in accordance with laws and regulations. Suppliers must continually improve their energy efficiency.

7.3. Waste

Suppliers shall take reasonable measures to reduce the production of waste in their operations. Suppliers shall sort different waste streams, re-use and recycle as much as possible, and finally have a licensed partner dispose the waste.

7.4. Chemicals, hazardous substances and materials

Suppliers shall process, store and destroy chemicals and hazardous substances and materials appropriately, complying with the local laws and regulations. Suppliers shall have a plan of operations and the necessary supplies for the event of emergency. The employees shall have been given training in the processing, storage and destruction of chemicals in a language they understand.

8. Ethical practices

Suppliers shall operate honestly, openly and fairly. Suppliers shall commit to comply with the following principles of business ethics:

8.1. Corruption, bribery and hospitality

Suppliers shall not condone corruption, bribery or extortion in any form. Suppliers shall not, either directly or indirectly, offer anyone payments or other compensations in order to obtain or keep business or to secure other improper advantage. Suppliers shall not, either directly or indirectly, request or accept payment or anything of value from a third party in a way that could affect the suppliers' ability to make business decisions objectively. Suppliers shall have written guidelines aimed at preventing bribery and corruption.

Suppliers shall not offer gifts or hospitality to Kela's staff members or representatives in situations where doing so could influence or appear to influence decisions.

8.2. Conflicts of interest and fair competition

Suppliers shall avoid conflicts of interest and inform Kela of any relationships which involve or can be understood to involve a conflict of interest.

Supplier shall compete fairly and comply with all local laws and regulations on competition. Suppliers may not participate in cartels, engage in price fixing, or take any other anti-competitive action.

9. Conformity with requirements

Suppliers shall commit to abide by this code of conduct and ensure that their operations and those of their suppliers comply with the requirements and principles set out herein. Enforcing transparency in the supply chain helps to ensure compliance with this code of conduct. Suppliers shall through contractual means ensure that the requirements of the terms and conditions and of this code of conduct are satisfied in their own operations and in the supply chain.

To ensure compliance, Kela will carry out monitoring during the contract term. Kela may require suppliers to provide additional documentation or statements, correct any shortcomings that may be discovered, and to outline how such corrective measures are to be implemented.

Kela may audit suppliers and/or their subcontractors in accordance with the master agreement.



10. Reporting of concerns and violations

Any concerns over non-compliance with or violation of this code of conduct may be reported confidentially to Kela.

Email: compliance@kela.fi

References:

¹http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

²Global Compact, www.unglobalcompact.org

³<http://www.ilo.org/global/standards/lang-en/index.htm>

⁴<https://www.un.org/en/about-us/universal-declaration-of-human-rights>

⁵<http://www.ilo.org/declaration/thedeclaration/textdeclaration/lang-en/index.htm>

⁶ILO, Indicators of Forced Labour, http://www.ilo.org/global/topics/forced-labour/publications/WCMS_203832/lang-en/index.htm

⁷A 'living wage' shall be construed as defined by the Global Living Wage Coalition (www.globallivingwage.org) on sen määritellyt: "Wages for a regular work week which employees residing in a specific location require to maintain a reasonable standard of living for themselves and their families. Components in a reasonable standard of living include food, water, housing, education, healthcare, transport, clothing and other basic needs, including preparations for unexpected events."

⁸In addition to carbon dioxide, air emissions include VOC emissions, caustic substances, particle emissions, other ozone-depleting emissions, and combustion by-products.