

HURTIGRUTEN GROUP PROCUREMENT POLICY

Version: 1.0	Place and date: Oslo, April 20th 2023
Owner: CEO Hurtigruten Group	

Purpose

The purpose of this policy is to achieve professional, independent, and sustainable procurement practices and achieve the best possible business terms with optimal use of company resources.

This policy set requirements and methods for making procurements comply with requirements set in, among others, the Safety Policy, Environmental Policy, Sustainability Policy, Risk Policy, DEI policy and Supplier Code of Conduct.

Scope

This policy applies to all procurement within Hurtigruten Group and sets requirements to all participants in the procurement process, both employees of Hurtigruten Group and suppliers.

Procurement Objectives

Hurtigruten Group shall act as a professional and attractive customer to get access to required products and services. Hurtigruten Group has the following procurement objectives:

- Ensure supply of goods and services at the right quality and quantity at the right time and place
- Achieve the best commercial terms and conditions
- Capture economies of scale across business units
- Contribute to reach Hurtigruten Group's ESG ambitions
- Manage supply chain risk
- Ensure transparency and audit trail

The Procurement Process

Procurement is the process to obtain products or services from external parties.

This process can be segregated in two sub-processes: Sourcing and Purchasing.

Sourcing is the strategic process of analysing and identifying needs, specification and verification of requirements, risk assessment, competitive tendering, evaluation, negotiations and contracting, managing supplier relations including quality control, supplier audits, supplier monitoring and supplier development.

Purchasing is the implementation and operation of the contracts including requisitions, requesting quotes, placings orders or making call-off from existing frame agreements.

The duration of the procurement process will depend on the value, criticality, and complexity. A typical timeline ranges from 2 weeks to 3 months. Specific requirements to each step shall be outlined in the procedures for Procurement.

Roles and responsibilities

Board of Directors

The Board of Directors in each of the Hurtigruten Group companies can delegate its authority to approve procurements. This is specified in the Hurtigruten Group Chart of Authority.

Business Manager

The business manager is the manager in the business unit where the need for a product, service or work from an external source arises. The business manager must inform Group procurement, or the dedicated procurement team in the business units, prior to any interaction with suppliers and shall collaborate with group procurement during the entire procurement process. The business manager must have appropriate authority to commit the company in accordance with the group Chart of Authority.

Group Procurement

Group Procurement has the strategic responsibility for procurement in Hurtigruten Group and set the requirements to how procurement is performed throughout Hurtigruten Group. The function shall ensure compliance with the requirements in this policy, with an emphasis on independence and the best possible business terms in the contract.

Employees

All employees involved in the procurement process must comply with the procurement process and shall not have independent direct communication with the supplier throughout the procurement process. An employee can only directly engage a supplier provided that Hurtigruten Group has established a valid frame agreement for the specified products or services.

Suppliers

A party that supplies goods or services to Hurtigruten Group. A supplier can be contractor or subcontractor, who commonly adds specialized input to deliverables. Suppliers are expected to behave according to Hurtigruten Group's Supplier Code of Conduct and comply with this policy.

General Requirements

- Procurement shall be based on competition. Any exemptions must be justified and documented. Exemptions must be approved by VP Group Procurement. ([Procurement Competition Waiver Form](#))
- Predictability, transparency, and verifiability shall be maintained throughout the procurement process
- Qualification and selection of suppliers and awarding of contracts shall be based on objective and non-discriminatory criteria
- Independence and impartiality must be practiced in all procurements. Persons with close ties, financial- or other personal interests to the supplier(s) cannot participate in the procurement process including evaluation and selection of the supplier and award of contract.
- Intra-group procurement shall be done at arms-length and at market terms as for external parties.
- All procurement shall be based on a written contract between Hurtigruten Group and the supplier. The contract must clearly state the requirements and the rights and obligations of the parties, including contract termination and exit clauses.
- Committing the company by signing a contract, ordering, and signing of work agreements under a contract must follow the group chart of authority
- Contracts above EUR 10,000 require additional approval by VP Group Procurement
- Contracts shall be renewed every three (3) years based on competition and can be extended up to 1 + 1 year in Hurtigruten Group's option.

- Payment shall follow delivery of the service or product. Payment terms shall be minimum 30 days from invoice, preferably 45 days. Contracts requiring payment in advance of delivery (i.e., pre-payments) require approval by VP Group Procurement.
- All contracts shall be maintained in a central contract depository
- Hurtigruten Group aim to trace and verify all purchases by issuing a Purchase Order (PO)

ESG requirements to Procurement

- Hurtigruten Group shall act in accordance with good business ethics and ensure high ethical standards in procurement practices.
- Procurement in Hurtigruten Group shall be performed aiming for the greatest value creation with the least resource intensity and environmental damage from the lifetime of the sourced product or service.
- Supplier selection shall be based on objective selection criteria where material topics on ESG, as defined in our ESG report, shall be considered. Where appropriate, Hurtigruten Group will work with suppliers to promote more sustainable business practices, including the possibility to include certain contract incentives driven by the supplier's business practices and ESG performance.
- Hurtigruten Group prefer suppliers who can document practices in line with or certification by standards such as ISO9000:1 (Quality), ISO14000:1 (Environment), ISO45000:1 (Occupational Health and Safety) and ISO27000:1 (Information Security). Hurtigruten Group reserves the right to require certain certifications for contracts worth more than EUR 10,000 per year.
- Hurtigruten Group shall contribute to sustainable social development throughout our supply chains, in line with UN's Sustainable Development Goals, by not offering products or services or carry out activities or transactions that contribute to unethical behaviour, corruption, infringing on human rights or employees' rights, or damage the environment.
- Hurtigruten Group shall not do business with sanctioned parties.
- Hurtigruten Group shall comply with the Transparency Act and we require that suppliers are compliant with local workplace regulations. This includes, but is not limited to:
 - A safe workplace promoting acceptable living conditions, with fair wages and a maximum number of working hours per week.
 - Freedom of association, with the right to collective bargaining
- Together with suppliers jointly promote Diversity, Equity, and Inclusion ("DEI") in accordance with Hurtigruten Group's DEI Policy
- Employees and Suppliers who are willing to blow the whistle are important to Hurtigruten Group. Any person who becomes aware of matters they consider contrary to laws or good business ethics is encouraged to report this.

Control

Suppliers shall be monitored to ensure that cooperation and deliveries are according to the contract. This may include assessment of whether ESG requirements are complied with, or that suppliers are on track to meet agreed upon targets and deadlines if Hurtigruten Group has requested that certain improvements must be made as part of a contract. The extent of monitoring may be based on supplier risk assessment.

If monitoring reveal breach of requirements, suppliers shall be requested to improve practices, or Hurtigruten Group may terminate the contract if they fail to do so.

Reporting

Group Procurement shall monitor Hurtigruten Group's purchasing activity and report deviations from this policy. Any environmental issues discovered in our supply chain shall be reported as part of the group's annual ESG report.