

## SUPPLIER CODE OF CONDUCT

### PURPOSE

The purpose of this policy is to guide you as you fulfill your role as an Stafa supplier. This policy is not intended to change or replace any specific contractual requirement. Rather, this Supplier Code establishes the basic principles for business conduct which Stafa expects from you. If a contract between us contains stricter or more detailed requirements than this Supplier Code, then we expect you to meet those stricter or more detailed contractual requirements.

### STATEMENT

Stafa has agreed to abide by moral and ethical values in the management of the company. We expect our suppliers to respect and adhere to the same philosophy in the management of their own companies. We seek to work with suppliers that agree to comply with the requirements of this Supplier Code which also abides by the principles stipulated in the Conventions of the International Labor Organization, the Universal Declaration on Human Rights, the guiding principles of the OECD (Organization for Economic Cooperation and Development) and the principles of the Global Compact, which we also support. Any breach of conduct or any violation of this code of conduct by our suppliers or their subcontractors will result in a review and possible termination of the business relationship.

### SCOPE

This policy applies to all Stafa suppliers, their factories, subcontractors, as well as their own suppliers. This policy covers:

- Labor
- Health and Safety
- Environment
- Business ethics
- Management system

### GUIDELINES

#### 1. Labor

Suppliers are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker. The labor standards are:

##### **Freely Chosen Employment**

Forced or indentured labor (including debt bondage), involuntary prison labor, slavery or trafficking of persons shall not to be used. This includes transporting, harboring, recruiting, transferring or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of

exploitation. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Workers must not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Excessive fees are unacceptable and all fees charged to workers must be disclosed.

##### **Child Labor Avoidance**

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 16 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is supported. Workers under the age of 18 shall not perform work that is likely to jeopardize the health or safety of young workers.

##### **Working Hours**

Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 48 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.

##### **Wages and Benefits**

Compensation paid to workers shall comply at a minimum with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Workers shall be compensated for overtime at rates in compliance with local laws. Deductions from wages as a disciplinary measure shall only be performed in accordance with the law. The basis on which workers are being paid is to be provided in a timely manner via pay slip or similar documentation.

##### **Humane Treatment**

There is to be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.

##### **Non-Discrimination**

Suppliers should be committed to a workforce free of harassment and unlawful discrimination. Suppliers shall not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, health (including pregnancy), nationality, religion,

commission or conviction of criminal offense, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. In addition, workers or potential workers should not be subjected to medical tests for any discriminatory purposes.

#### **Freedom of Association**

Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues. The rights of workers to associate freely, join or not join labor unions, seek representation, and join workers' councils in accordance with local laws shall be respected. Workers shall be able to openly communicate and share grievances with management regarding working conditions and management practices without fear of reprisal, intimidation or harassment.

## **2. Health and Safety**

Suppliers recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Suppliers also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace. The health and safety standards are:

#### **Occupational Safety**

Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/ tag-out), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment. Workers shall not be disciplined for raising safety concerns in good faith.

#### **Emergency Preparedness**

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

#### **Occupational Injury and Illness**

Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness including provisions to: encourage worker reporting; classify and record injury and illness cases; provide necessary medical treatment; investigate cases and

implement corrective actions to eliminate their causes; and facilitate return of workers to work.

#### **Industrial Hygiene**

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. Engineering or administrative controls must be used to control overexposures. When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate personal protective equipment programs.

#### **Physically Demanding Work**

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

#### **Machine Safeguarding**

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

#### **Sanitation, Food and Housing**

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage and eating facilities. Worker dormitories provided by the supplier or a labor agent are to be maintained to be clean and safe, and provided with appropriate emergency exit, hot water for bathing and showering, adequate heat and ventilation, and reasonable personal space along with reasonable entry and exit privileges.

## **3. Environmental**

Suppliers recognize that environmental responsibility is integral to producing world class products. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public. The environmental standards are:

#### **Environmental Permits and Reporting**

All required environmental permits (e.g. discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

#### **Pollution Prevention and Resource Reduction**

Waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

#### **Hazardous Substances**

Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal. Waste water and solid waste generated from operations, industrial processes and sanitation facilities are to be characterized, monitored, controlled and treated as required prior to discharge or disposal.

#### **Air Emissions**

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

#### **Product Content Restrictions**

Suppliers are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances, including labeling for recycling and disposal.

### **4. Ethics**

To meet social responsibilities and to achieve success in the marketplace, suppliers and their agents are to uphold the highest standards of ethics including:

#### **Business Integrity**

The highest standards of integrity are to be upheld in all business interactions. Suppliers shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement (covering promising, offering, giving or accepting any bribes). All business dealings should be transparently performed and accurately reflected on supplier's business books and records. Monitoring and enforcement procedures are or will be implemented to ensure compliance with anti-corruption laws.

#### **No Improper Advantage**

Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted. Disclosure of Information regarding business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. The confidentiality of such information is to be respected. Falsification of records or misrepresentation of conditions or practices in the supply chain is unacceptable.

#### **Intellectual Property**

Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights.

#### **Fair Business, Advertising and Competition**

Standards of fair business, advertising and competition are to be upheld. Appropriate means to safeguard customer information must be available.

#### **Protection of Identity**

Programs that ensure the confidentiality and protection of supplier and employee whistleblower are to be maintained.

#### **Privacy**

Suppliers are to commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers and employees. Suppliers are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

#### **Non-Retaliation**

Suppliers should have a communicated process for their personnel to be able to raise any concerns in good faith without fear of retaliation.

### **5. Management system**

Suppliers shall adopt or establish a management system whose scope is related to the content of this Code. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the supplier's operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It should also facilitate continual improvement.

The management system should contain the following elements:

#### **Company Commitment**

Corporate social and environmental responsibility policy statements affirm supplier's commitment to compliance and continual improvement, and are endorsed by executive management.

#### **Management Accountability and Responsibility**

Clearly identified company representative(s) responsible for ensuring implementation of the management systems and associated programs, where senior management reviews the status of the management system on a regular basis.

#### **Legal and Customer Requirements**

A process to identify, monitor and understand applicable laws, regulations and customer requirements, including the requirements of this Code.

#### **Risk Assessment and Risk Management**

A process to identify the environmental, health and safety and labor practice and ethics risks associated with supplier's operations, along with a determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.

### **Improvement Objectives**

Written performance objectives, targets and implementation plans to improve the supplier's social and environmental performance, including a periodic assessment of supplier's performance in achieving those objectives.

### **Training**

Programs for training managers and workers to implement supplier's policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

### **Communication**

A process for communicating clear and accurate information about supplier's policies, practices, expectations and performance to workers, suppliers and customers.

### **Worker Feedback and Participation**

Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement should be in place.

### **Audits and Assessments**

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.

### **Corrective Action Process**

A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

### **Documentation and Records**

Creation and maintenance of documents and records is ensured of regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

### **Supplier Responsibility**

A process to communicate Code requirements to suppliers and to monitor supplier compliance to this Code.

## **6. Additional Provisions**

Data Privacy and Protection of Information Personal Information is any kind of information that can be related to an identified or identifiable individual. This includes, but is not limited to name, address, email, phone number, credit card information, social security number, other identification number (e.g. HR-ID), etc. Suppliers that have access to Personal Information of Stafa, its' customers or partners are to:

- Implement appropriate technical and organizational measures to protect information against threats to confidentiality, integrity and availability;

- Process, share, store and transmit personal information only for the purpose the data was collected or provided for; and
- Comply with all data privacy and data protection requirements defined in the contract between supplier and Stafa.

### **Intellectual Property**

All IP provided, disclosed or licensed to supplier, including trademarks, patents, copyrights and business secrets or information whether registered or unregistered are owned by Stafa and supplier agrees to utilize such IP solely for the limited purpose of complying with the terms of the relevant agreement with Stafa, and in no event shall supplier seek registration of such IP either directly or indirectly and will not produce and/or distribute unauthorized and/or counterfeit Stafa products.

### **Gifts**

Stafa's internal policies prohibit gifts and entertainment given by or received from our suppliers that are considered lavish, not reasonable under the circumstances and designed to influence decision-making or judgment. In some situations, any gifts are prohibited. Please be mindful of these standards when considering providing such a benefit to an Stafa employee.

## **MONITORING & ENFORCEMENT**

Stafa expects that suppliers and their employees will respect this Code and strive to achieve and uphold the standards described within. Stafa stands ready to assist suppliers to achieve compliance. Although we recognize cultural differences may exist, Stafa will not compromise on the fundamental requirements set out in this Code. When requested, suppliers must inform Stafa where each order is to be produced, and Stafa reserves the right to make unannounced visits (or to have a designee make unannounced visits) to sites where people directly – or indirectly – work for Stafa and/or suppliers. Suppliers and/or their workers or subcontractors should promptly notify Stafa Group Office if they suspect, observe or learn of unethical business conduct or the commission of any dishonest, destructive or illegal act.

Please direct any questions/concerns to:

Stafa Group

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## REFERENCES

Stafa consulted the following references in preparation of this Code:

- Electronic Industry Code of Conduct v5.0: <http://www.eicc.info>
- ECO Management and Audit System: [www.quality.co.uk/emas.htm](http://www.quality.co.uk/emas.htm)
- Ethical Trading Initiative: [www.ethicaltrade.org](http://www.ethicaltrade.org)
- ILO Code of Practice in Safety and Health:  
[www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf](http://www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf)
- ILO International Labor Standards: [www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm](http://www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm)
- ISO 14001 [www.iso.org](http://www.iso.org)
- National Fire Protection Agency: [www.nfpa.org/catalog/home/AboutNFPA/index.asp](http://www.nfpa.org/catalog/home/AboutNFPA/index.asp)
- OECD Due Diligence Guidance: [www.oecd.org](http://www.oecd.org)