

## **BUSINESS CODE OF CONDUCT**

Dear business partner,

KLG Europe is committed to the highest standards of services and business integrity and ensuring that working conditions in our supply chain are safe, that workers are treated with respect and dignity, and that business processes are environmentally and socially responsible. In selecting qualified suppliers, KLG Europe gives preference to those that are socially and environmentally progressive. In addition, failure to comply with the standards and provisions set forth in our Code may result in supplier disqualification. Fundamental to adopting our Code is the understanding that a business, in all of its activities, must operate in full compliance with the laws, rules and regulations of the countries in which it operates. This Code encourages suppliers to go beyond legal compliance, drawing upon internationally recognized standards, in order to advance social and environmental responsibility.

The Business Code of Conduct comprises the following sections:

- A. Labor
- B. Health and Safety
- C. Environment
- D. Management system
- E. Ethics
- F. References

For the purposes of this document "Supplier" means any company, corporation or other entity that sells, or seeks to sell goods or services, to KLG Europe and its affiliates ("KLG Europe"), including the Supplier's employees, agents and other representatives.

### **A. Labor**

Suppliers should recognize and be committed to upholding the human rights of workers, and to treat them with dignity and respect as understood by the international community. The labor standards are:

#### **1. Child Labor**

Child labor is not to be used in any stage. The term "child" refers to any person employed under the age of 16, or under the age for completing compulsory education, or under the minimum age for employment in the country. 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 hazardous work and may be restricted from night work with consideration given to educational needs.

#### **2. Freely Chosen Employment**

Forced, bonded or indentured labor or involuntary prison labor is not to be used. All work will be voluntary, and workers should be free to leave upon reasonable notice.

#### **3. Minimum Wages**

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Any disciplinary wage deductions are to conform to local law. The basis on which workers are being paid is to be clearly conveyed to them in a timely manner.

#### **4. Discrimination**

There is to be no discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, 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/pregnancy tests that could be used in a discriminatory way. Workers with disabilities will be provided reasonable job accommodations as needed to perform their job function.

#### **5. Harsh or Inhumane 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.

## **6. Working Hours**

Studies of good manufacturing practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Standard workweeks are not to exceed the maximum set by local law. Further, a work week should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers should be allowed at least one day off per seven-day week.

## **7. Freedom of Association**

Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues. Suppliers are to respect the rights of workers to associate freely and to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment. Workers' rights to join labor unions, seek representation and or join worker's councils in accordance with local laws should be acknowledged.

## **B. Health and Safety**

Suppliers should recognize that the quality of products and services, consistency of production, and workers' morale are enhanced by a safe and healthy work environment. The health and safety standards are:

### **1. Machine Safeguarding**

Physical guards, interlocks and barriers are to be provided and properly maintained for machinery used by workers.

### **2. Industrial Hygiene**

Worker exposure to chemical, biological and physical factors is to be identified, evaluated, and controlled. When hazards cannot be adequately controlled by engineering and administrative means, workers are to be provided with appropriate personal protective equipment.

### **3. Safety**

Worker exposure to workplace safety hazards (e.g., electrical and other energy sources, fire, vehicles, slips, trips and fall hazards) is to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tag out). Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate personal protective equipment.

### **4. Emergency plans**

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.

### **5. Occupational Injury and Illness**

Procedures and systems are to be in place to manage, track and report occupational injury and illness, including provisions to: a) encourage worker reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate cases and implement corrective actions to eliminate their causes; and d) facilitate return of workers to work.

### **6. Physically Demanding Work**

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

## **C. Environment**

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

### **1. Product Content Restrictions**

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

## **2. Chemical and Hazardous Materials**

Chemical and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal.

## **3. Wastewater and Solid Waste**

Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be monitored, controlled and treated as required prior to discharge or disposal.

## **4. 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.

## **5. 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.

## **6. Environmental Permits and Reporting**

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

## **D. Management system**

Suppliers must adopt or establish a management system whose scope is related to the content of this Code and proportional to a Supplier's environmental and social accountability profile. The management system shall be designed to ensure (a) compliance with applicable laws and regulations; (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:

### **1. Company Commitment**

Corporate social and environmental responsibility statements that affirm the Supplier's commitment to compliance and continual improvement.

### **2. Management Accountability and Responsibility**

Clearly identified company representative[s] responsible for ensuring implementation and periodic review of the status of the management systems.

### **3. Legal and Customer Requirements**

Identification, monitoring and understanding of applicable laws, regulations and customer requirements.

### **4. Training**

Programs for training all employees to implement Supplier's policies, procedures and improvement objectives.

### **5. Risk Assessment and Risk Management**

Process to identify the environmental, health and safety and labor practice risks associated with Supplier's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to ensure regulatory compliance to control the identified risks.

### **6. Performance Objectives with Implementation Plan and Measures**

Written standards, performance objectives, targets and implementation plans including a periodic assessment of Supplier's performance against those objectives.

### **7. Communication**

Process for communicating clear and accurate information about Supplier's performance, practices and expectations to workers, suppliers and customers.

### **8. Employee Feedback and Participation**

On-going processes to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement.

### **9. 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.

### **10. Corrective Action Process**

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

### **11. Documentation and Records**

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

## **E. 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:

### **1. No Corruption, Extortion, or Embezzlement**

The highest standards of integrity are to be expected in all business interactions. Any and all forms of corruption, extortion and embezzlement are strictly prohibited resulting in immediate termination and legal actions.

### **2. Disclosure and Privacy of Information**

Means to effectively safeguard customer information regarding business activities, structure, financial situation, performance, and/or any other information deemed confidential shall be disclosed only in accordance with the guidelines specified within any agreed upon nondisclosure agreement between Supplier and KLG Europe and within the guidelines of all applicable laws and regulations.

### **3. No Improper Advantage**

Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted. Employees who are offered or asked for any bribe or kickback are required to immediately report the incident to local responsible person.

### **4. Gifts and gratuities**

Reasonable hospitality including business gifts or items of small intrinsic value is an accepted courtesy of a business relationship. The frequency and nature of the gifts or hospitality accepted should not be allowed whereby the recipient might be deemed by others to have been influenced in making a business decision as a consequence of accepting such hospitality or gifts.

## **F. References**

The following standards were used in preparing this Code and may be a useful source of additional information. The following standards may or may not be endorsed by each Supplier.

- 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)
- United Nations Convention Against Corruption  
[www.unodc.org/unodc/en/corruption/index.htm](http://www.unodc.org/unodc/en/corruption/index.htm)
- United Nations Global Compact  
[www.unglobalcompact.org](http://www.unglobalcompact.org)
- Universal Declaration of Human Rights  
[www.un.org/Overview/rights.html](http://www.un.org/Overview/rights.html)
- SA 8000  
[www.aboutus.org/Cepaa.org](http://www.aboutus.org/Cepaa.org)

## **G. Questions**

For any questions regarding this Business Code of Conduct please contact our Quality and Legal Manager; Mariska Mol. Tel. +31 (0)773245055, or E-mail [m.mol@venlo.klgeurope.com](mailto:m.mol@venlo.klgeurope.com)