



# Responsible Sourcing Policy / Manual

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## Supplier Sustainability Strategy

The Bladon Supplier Sustainability Manual explains how we expect our suppliers to implement the principles set forth in Bladon's Supplier Declaration.

Bladon sets high standards for business ethics, working conditions and environmental protection in all of its locations worldwide. Since a large portion of the value creation is through the supply base, we naturally have the same expectations of our suppliers as we have for ourselves. We need our business partners to share our commitment to corporate responsibility and not just in the development and manufacturing of products, but also in conducting their business.

Sustainability, social responsibility and compliance is inclusive of our Supplier Declaration. We incorporate corporate responsibility and sustainability topics in our supplier monitoring activities and quality audits carried out with potential, incumbent and active suppliers. We award business and continue to provide business to those Suppliers who commit to act fairly and with integrity towards their stakeholders, observe the applicable rules of law, support and respect internationally proclaimed human rights and demonstrable commitment to protecting the environment.

We largely determine the success of our Supplier Sustainability Program through our Suppliers' ability to conduct business in a way that recognizes workers' rights, as well as, the rights of others, secures a healthy and safe working environment for their workers and protects the environment. Accordingly, Bladon will promote self-assessment and capability-building initiatives, and expects Suppliers to take an active part therein. We promote an approach of shared commitment. We will work with our Suppliers in cases where they need to improve their performance; together, we will strive for continued improvement.

## Sustainability Guidelines for Suppliers

### Business Partners

The supplier must display the highest standards of integrity and ethics in its business dealings with Bladon.

Accordingly, the supplier must have a Code of Conduct in place, which reflects the principles of our Supplier Declaration. Its highest management must endorse the supplier's Code of Conduct. Further, the supplier must make available the Code of Conduct to all stakeholders and have in place a related mechanism for reporting issues.

The supplier must train all of its employees on the principles of its Code of Conduct. Bladon has the right to require the supplier to present evidence of such training and to what extent the entire work force has received the training. Bladon may ask individual supplier employees whether they have participated in Code of Conduct training.

### Compliance with Laws and Regulations

The supplier shall ensure compliance with all applicable laws and regulations of the countries where it does business. Without making any exceptions to the obligations outlined in the proceeding sentence, this means that the supplier must have in place adequate compliance programs and policies. Further internal verification procedures shall be in place to assure that the supplier will never:

- Take part in, induce to, or facilitate in cartels or other illegal anti-competitive cooperation;
- Report inaccurate financial data to Bladon or to the public (including without limitation to the authorities);
- Report inaccurate information to Bladon concerning production materials, finished goods, capital equipment, molds and tooling, samples and prototypes, repaired or returned products, and technical information related to the parts purchased by Bladon;
- Disclose trade secrets and confidential information of Bladon to unauthorized parties, or use such information for any other purpose than for which it was disclosed;
- Apply for registration for any intellectual property rights based on information received from Bladon;
- Incorporate any third party intellectual property rights in the parts manufactured, sold and supplied to Bladon without first having obtained approval therefore;

The above list is not exhaustive. Accordingly, the supplier must adopt a process to identify, monitor and understand applicable laws and regulations.

## **Improper payments, hospitality and gifts, and conflict of interest**

Bladon strictly prohibits its employees to make direct or indirect offers or promises of bribes, facilitation payments or other undue advantages in the purpose to obtain advantages in business. In addition, the supplier shall not take part in, influence, or attempt to influence any decision, which can give rise to any actual or perceived conflict of interest with Bladon. The supplier shall implement internal policies and guidelines that are no less strict than requirements of Bladon. The supplier shall in addition ensure that none of the following occurs in the business dealings with Bladon:

- Supplier does not directly or indirectly offer, promise, or accept bribes, facilitation payments or undue advantages on behalf of Bladon.
- Supplier does not directly or indirectly offer, promise, or accept bribes, facilitation payments or undue advantages to Bladon employees.

## **Human Rights and Labor Practices**

The supplier shall never employ children or forced labor. In addition, the supplier must uphold the human rights of workers, treat them with dignity, and respect as understood by the international community. This applies to all employees including temporary, migrant, student, contract, direct employees, and any other type of workers. Consequently, the supplier shall award the following rights to all employees as a bare minimum:

- The employee shall freely choose all employment. This means that forced, bonded (including debt bonded), and indentured labor, involuntary prison labor, or slavery. The supplier shall not use trafficking of persons. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, deception, abduction or fraud for labor or services. In addition, all work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to employees' identity or immigration documents, such as government-issued identification, passports or work permits, unless law requires the holding of work permits. The use of personal document retention shall never bind workers to employment or restrict their freedom of movement.
- The supplier shall not require employee to pay for obtaining or otherwise maintaining its employment. Thus, employees shall not be charged any fees or costs for recruitment, directly or indirectly, in whole or in part, including costs associated with travel, processing official documents and work visas in both home and host countries.
- The employee shall have the right to have the employment contract recorded in writing and provided in a language they understand. The employment contract shall clearly indicate their rights and responsibilities with regard to wages, working hours and other working and employment conditions. Supplier shall provide employment contracts to migrant workers prior to deployment. The use of supplemental agreements and the practice of contract substitution (the replacement of an original contract or any of its provisions with those that are less favorable) are strictly prohibited.
- Supplier shall guarantee employees a salary pursuant to law and/or collective bargaining agreement. Accordingly, salary to employees shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Suppliers shall not permit deductions from wages as a disciplinary measure, unless permitted by law and/or collective bargaining agreement. Moreover, the employees shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed during the period to which to salary relates.
- Freedom of association. The supplier shall respect the right of all employees to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Additionally employees shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices, both without fear of discrimination, reprisal, intimidation or harassment.

The supplier shall further secure:

- That it does not employ children. Child labor is not to be used in any stage of manufacturing or otherwise in the supplier's business. The term "child" refers to any person under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. For the avoidance of doubt, the use of legitimate workplace learning programs, which complies with all laws and regulations in that country, is however permissible.
- That it does not risk the health and safety of young employees (persons not deemed a child but younger than 18) or offer less favorable terms of employment. Young employees shall not perform work that is likely to jeopardize the health or safety, including night shifts and overtime. The supplier shall ensure proper management of young workers through accurate records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations. The supplier shall provide appropriate support and training to all young employees. In the absence of local law, the wage rate for young workers, students, interns and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.
- That it does not force its employees to work excessive hours. Employee strain leads to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, supplier shall allow employees at least one day off every seven days and a workweek should not be more than 60 hours per week, including overtime, except in emergency, an unusual situation or as part of a legally recognized collective bargaining agreement. Supplier shall not make employees work overtime under the threat of penalty, dismissal, or denunciation to authorities. No worker shall be made to work overtime as a disciplinary measure.
- That it does not discriminate. The supplier shall at all times have anti-discrimination policies that provide equal employment opportunities regardless of worker or applicants race, color, age, gender, sexual orientation, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union association, covered veteran status, marital status or other distinct characteristics. Medical testing or physical examination of any employee for purposes of discrimination shall not be permitted. Further Supplier should make reasonable accommodations for religious practice by workers. Policies shall be up to date with applicable legislation, and further continuously verify compliance with said policies. Such verifications shall be made available for Bladon upon request.

The supplier's overall treatment of its employees shall at all times be characterized by respect for the individual. Therefore, the supplier must ascertain that there is no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of its employees; 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 the employees.

The supplier shall implement effective grievance procedure to ensure that any employee can submit a grievance (whistle blowing) without suffering any prejudice or retaliation of any kind.

## Health Safety Standards

We base our health and safety requirements on national laws and ISO 4500/OHSAS18001. A safe and healthy work environment enhances productivity, employee morale, worker retention and the quality of products and services. Accordingly, we expect the supplier to provide and maintain a safe work place and take proactive measures to prevent occupational injuries and hazards. The supplier must agree to provide Bladon with records relating to health and safety programs, training and violations when requested. In addition, the supplier shall:

- Implement and maintain emergency response procedures. Potential emergencies and events need to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures which include emergency reporting, employee notification, evacuation procedures, worker training, drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment and property.
- Train its employees. The supplier shall provide the employees with appropriate workplace health and safety training in their primary language.
- Post health and safety related information such as emergency procedures and potential safety hazards within the facility in the primary language of the worker.
- Issue personal protective equipment. Employee's exposure to chemical, biological and physical agents shall 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 (PPE). Further employees shall be trained in proper use and limitations of use. PPE shall be replaced as often as is necessary.
- Identify risks and report concerns. The supplier shall identify the health and safety and labor practice risks associated with its operations. Risk assessment process shall determine the relative significance for each risk and implementation of appropriate procedural and physical controls to ensure regulatory compliance to control the identified risks. All areas should be included in a risk assessment for health and safety including plant and facilities, warehouse and storage facilities, support equipment, laboratories and test areas, sanitation facilities and bathrooms, kitchen/cafeteria and worker housing and dormitories. 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 employees. Employees 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.
- Install procedures and systems to prevent, manage, track and report occupational injury and illness including provisions to: encourage employee 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.

## Environmental Standards

We base our environmental requirements on national laws and ISO 14001 Environmental Management System. We expect our Suppliers to establish an environmental management system that effectively manage risks, conserves natural resources and protects the environment. Related efforts should support reductions in energy use, water use, waste production, greenhouse gas emissions and air pollution. The supplier must agree to provide Bladon with records relating to environmental performance, training and violations when requested. In addition, the supplier shall:

- Secure environmental permits and reporting. All required environmental permits, approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.
- Employ a plan for pollution prevention and energy resource reduction. The use of resources and generation of waste of all types, including 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 the reuse of materials.
- Preserve water resource through assessment of water stress in operations and throughout the life cycle and by considering water management and sustainable use in operational planning.
- Identify 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.

Reduce emissions and solid waste. The supplier shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous). Wastewater generated from operations, industrial processes and sanitation facilities are to be characterized, monitored, controlled and treated as required prior to discharge or disposal. In addition, measures should be implemented to reduce generation of wastewater. The supplier shall conduct routine monitoring of the performance of its wastewater treatment systems. Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, routinely monitored, controlled and treated as required prior to discharge. The supplier shall conduct routine monitoring of the performance of its air emission control systems.

## Responsible Chemical Management

The supplier must adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including disclosure and labeling for the appropriate and safe use, proper handling, recycling and disposal. In addition, the supplier shall:

- Establish programs to collect data from material manufacturers for all components, identifying all substances that are in the final product.
- Collect data regarding all process chemicals and intermediates known as toxic or potentially toxic. Measure data completeness against Bill of Materials (BOMs) and identify data shortages; assure data is traceable to the material manufacturers.
- Verify data is current and complete against product safety and regulatory requirements. Have in place Initiate appropriate changes to achieve compliance and reduce risks.
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## Conflict Minerals

Suppliers shall have a policy to reasonably assure that the Tantalum, Tin, Tungsten and Gold (3TG) in the products they manufacture do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo, an adjoining country or other known area of conflict. Suppliers shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to Bladon upon request.

All suppliers understand and conform to expectations outlined in our Conflict Minerals Position Statement. Suppliers acting contrary to our position regarding Conflict Minerals must commit to implement a corrective action plan with a reasonable timeline.

## Corrective Action relating to reported violations

Where breaches of the Supplier Declaration are brought to the attention of Bladon, the supplier shall prepare an action plan outlining the remedial actions it will take to rectify the breach. Where appropriate, Bladon may conduct unannounced audits, in particular to substantiate specific supplier-related allegations concerning practices that may violate the Supplier Declaration. If it is proven that the supplier has violated the Supplier Declaration, the supplier shall compensate Bladon for all costs, losses and liabilities incurred as a result thereof (including without limitation audits conducted by third parties).

## Link to Related Documents

Access related documents by visiting our web page at: [www.bladonmt.com](http://www.bladonmt.com)