

# SUPPLIER CODE OF CONDUCT

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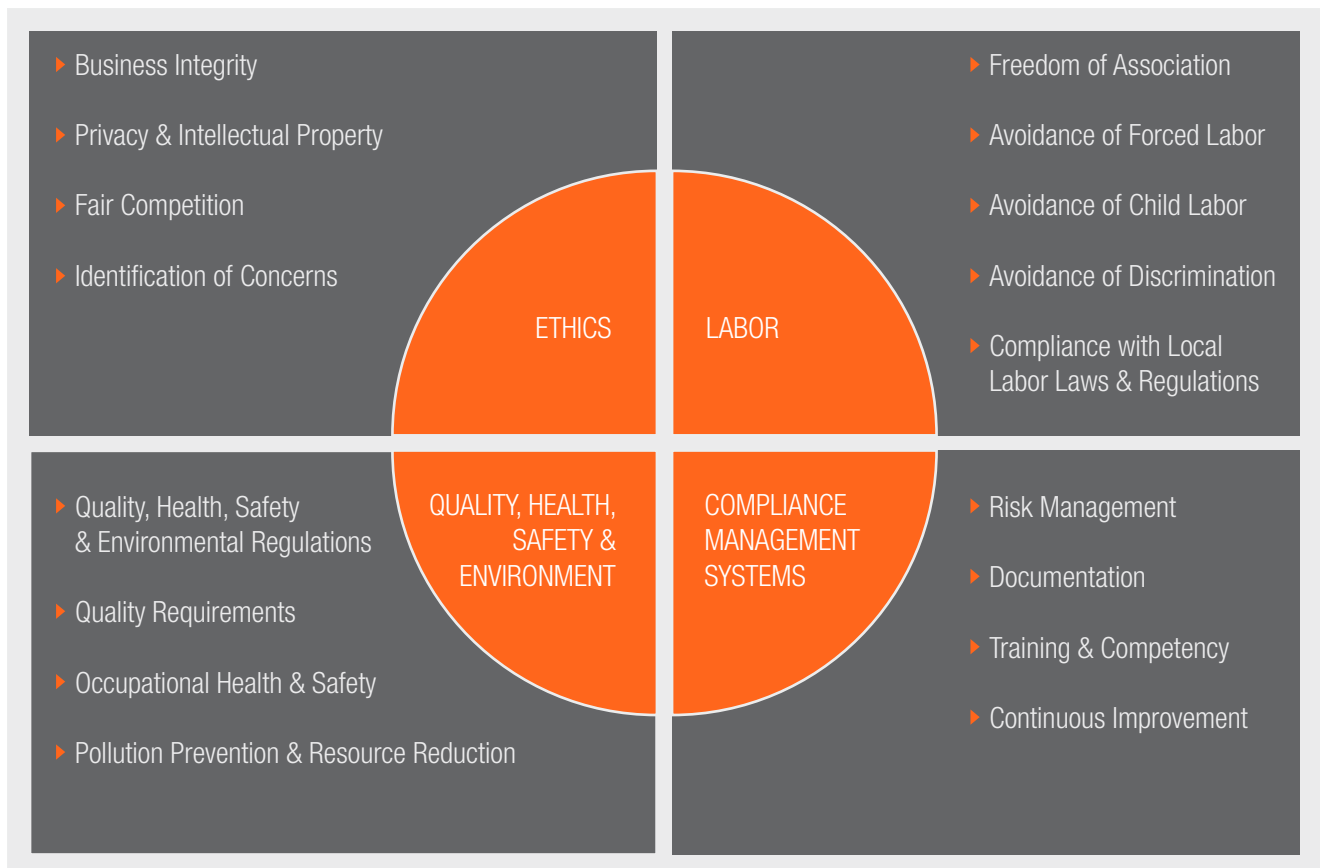
# INTRODUCTION

SMARTRAC follows the guideline of the European Commission, according to which Corporate Social Responsibility is ‘a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis’.

The SMARTRAC Management Board recognizes the strategic importance of corporate social responsibility and integrates ethical, social and ecological issues within its sphere of influence. SMARTRAC seeks to work with contractors and suppliers who contribute to sustainable development and are economically, environmentally and socially responsible.

This Supplier Code of Conduct applies to all SMARTRAC suppliers & service providers.

SMARTRAC sets forth the expectations that its suppliers share the following principles and promote the application of these among those with whom they do business.



# 1 ETHICS

SMARTRAC's suppliers and service providers are expected to conduct their business in an ethical manner and to adhere to the following requirements:



## ▶ Business Integrity

Suppliers and service providers should comply with all applicable laws, regulations and codes of countries of operation and not tolerate any form of corruption, extortion or embezzlement. They must conduct in a manner that avoids conflicts of interest.

## ▶ Privacy & Intellectual Property

Suppliers and service providers are to comply with privacy and information security laws and regulatory requirements when handling with SMARTRAC confidential and personal related information.

▶ **Fair Competition**

Suppliers and service providers should support fair competition and comply with all applicable anti-trust laws.

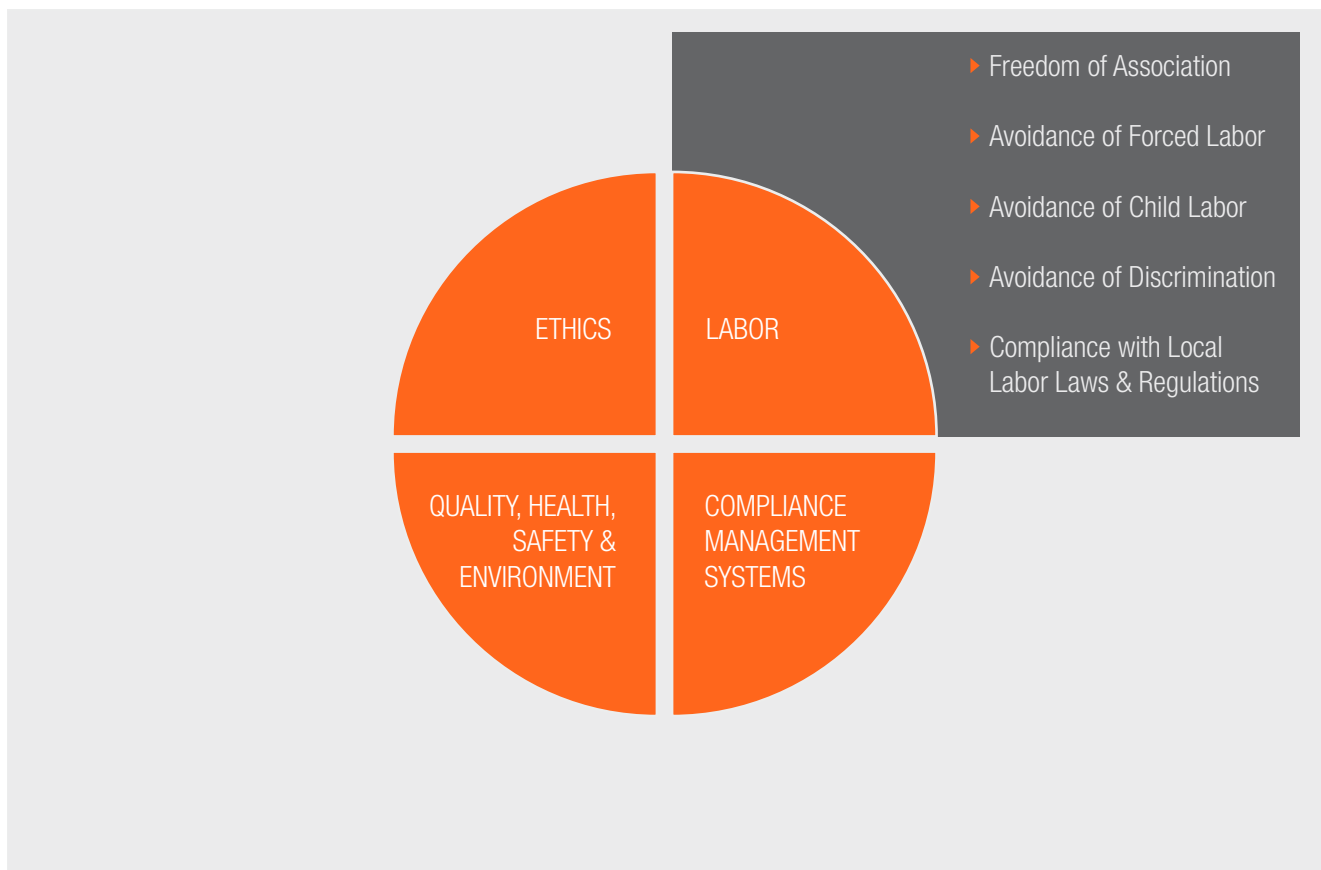
▶ **Identification of Concerns**

Suppliers and service providers should provide means necessary for whistleblowing reports and should ensure that they investigate such reports and take corrective actions if needed.

SMARTRAC's Code of Conduct and Integrity defines more detailed SMARTRAC's ethical standards of business conduct and provides a framework for promoting the highest standards of integrity in business practices. SMARTRAC's suppliers and service providers should familiarize themselves with them. See the Code of Conduct and Integrity and specific policies at: <http://www.smartrac-group.com/compliance.html>

## 2 LABOR

Essential principle of SMARTRAC's business activities is the respect for freedom, democracy and human rights. Suppliers and service providers are expected to comply with human rights and all local labor laws and regulations, e.g. wages, working hours and conditions, child labor, etc. Labor includes the following aspects:



### ▶ Freedom of Association

SMARTRAC expects its suppliers and service providers to recognize the freely-exercised right of workers, without distinction, to organize, further and defend their interests and to bargain collectively in accordance with local laws and regulations.

### ▶ Avoidance of Forced Labor

SMARTRAC expects its suppliers and service providers to prevent and hinder forced or compulsory labor in all its forms in their sphere.

▶ **Avoidance of Child Labor**

SMARTRAC will not engage in nor support to use child labor. Suppliers and service providers are required to comply with applicable child labor laws.

▶ **Avoidance of Discrimination**

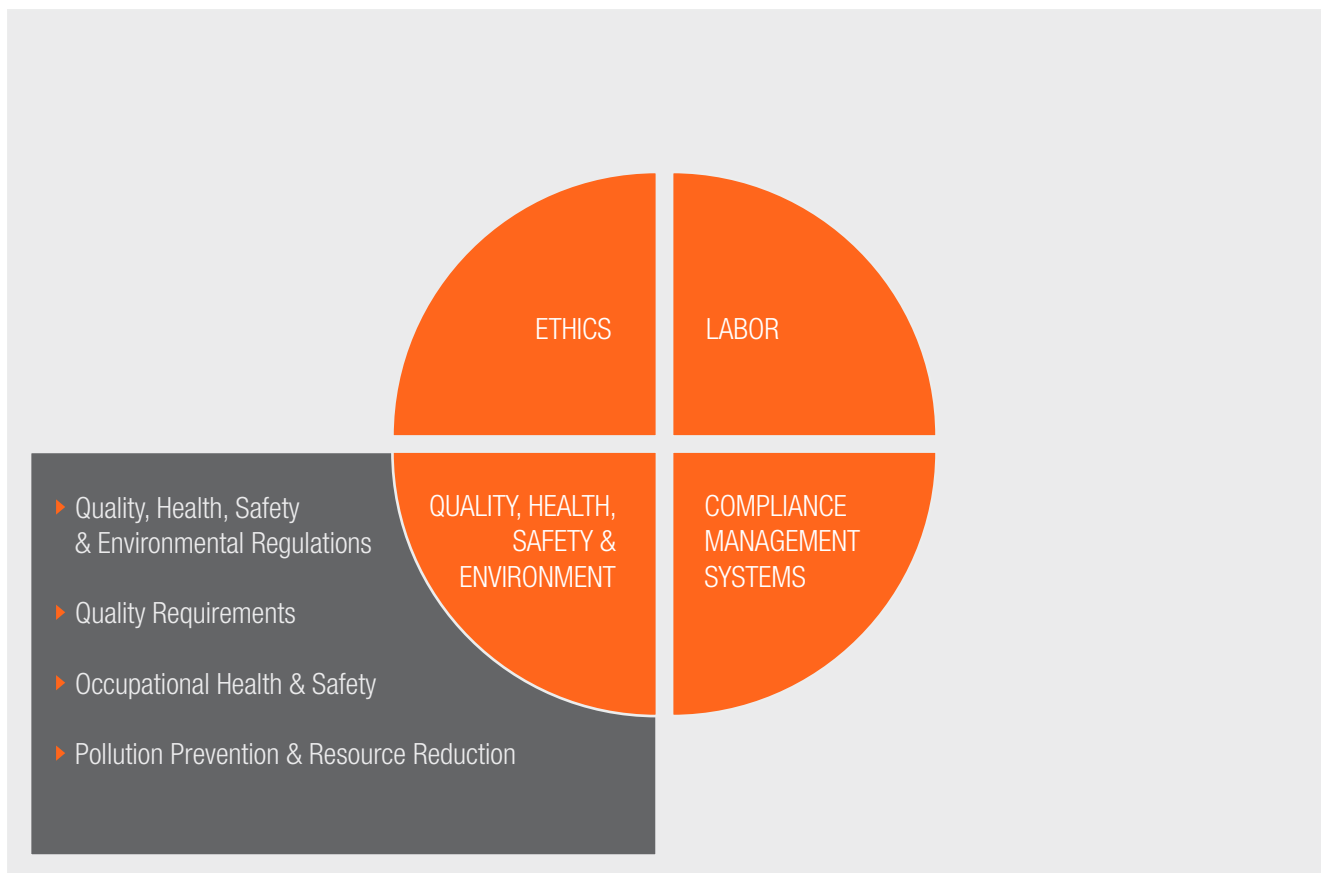
SMARTRAC expects its suppliers and service providers to ensure equality of opportunity and treatment in respect of employment and occupation without discrimination on grounds of race, color, sex, religion, political opinion, national extraction, social origin or sexual orientation.

▶ **Compliance with Local Labor Laws & Regulations**

Suppliers and Service providers are required to comply with all applicable local labor laws, rules and regulations in the countries in which they operate.

### 3 QUALITY, HEALTH, SAFETY & ENVIRONMENT

Suppliers and service providers are expected to provide a safe and healthy working environment and to operate in an environmentally responsible, efficient and sustainable manner. This includes the following requirements:



▶ **Quality, Health, Safety & Environmental Regulations**

Suppliers and service providers will comply with all applicable local and national quality, health, safety & environmental laws and regulations. All required quality, health, safety & environment related permits, licenses and registrations should be obtained, maintained and kept up-to-date.

▶ **Quality Requirements**

Suppliers will meet generally recognized or contractually agreed quality requirements in order to provide goods and services that consistently meet SMARTRAC's needs, perform as warranted and are safe for their intended use.



▶ **Occupational Health & Safety**

Suppliers and service providers should protect their employees from any chemical, biological and physical hazards and physically demanding tasks in the workplace as well as from risk associated with any infrastructure used by their employees. Production and other machinery should be periodically evaluated for safety hazards. Physical guards, interlocks and barriers must be provided and properly maintained where machinery presents an injury hazard to workers.

▶ **Pollution Prevention & Resource Reduction**

Supplier and service provider should use energy and natural resources efficiently and should engage in the development of climate-friendly products and processes to reduce power consumption and greenhouse emissions.

In July 2010, the United States Congress passed legislation requiring companies to report on the use of conflict minerals in the manufacture of their products. Conflict minerals in this context refer to specific minerals originating from mines controlled by armed groups in the Democratic Republic of the Congo or adjoining countries. The specific metals in question are coltan (columbite tantalite) and its derivatives (tantalum), cassiterite and its derivatives (tin), wolframite and its derivatives (tungsten), and gold. SMARTRAC is committed to complying with this legislation and expects its suppliers to comply therewith.

On January 27, 2003, the European Parliament and the Council adopted the directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment ('RoHS') 2002/95/EC. The specific substances in question are lead (Pb), mercury (Hg), cadmium (Cd), hexavalent chromium (Cr6+), polybrominated biphenyls (PBB), and polybrominated diphenyl ether (PBDE). SMARTRAC complies with the RoHS directives and requires from its Suppliers also complying with the directive. In case of need Supplier must be able to provide SMARTRAC with the evidence of compliance.

## 4 COMPLIANCE MANAGEMENT SYSTEMS

Suppliers and service providers are expected to implement compliance management systems to facilitate adherence to all applicable laws and to promote continual improvement with respect to the expectations set forth in this Supplier Code of Conduct. This includes the following aspects:



### ▶ Risk Management

Suppliers and service providers are expected to implement mechanisms to identify, determine and manage risks in all areas addressed by law and this Supplier Code of Conduct.

### ▶ Documentation

Suppliers and service providers are expected to develop adequate documentation to demonstrate that they share the principles and values expressed in this Supplier Code of Conduct.

### ▶ Training & Competency

Suppliers should establish appropriate training measures to allow their managers and employees to gain an appropriate level of knowledge and understanding of the applicable laws and regulations and generally recognized standards.

### ▶ Continuous Improvement

Suppliers and service providers are expected to continuously improve their performance in a sustainable way by implementing appropriate measures.

## A FINAL WORD

Our suppliers are important for us, as they underpin our ability to do business and meet our customers' expectations.

Fundamental to our relationship with suppliers is that they operate according to principles that at least meet those in this Supplier Code of Conduct. In the event that a supplier evidently fails to fulfill any of the principles and requirements set out in this SMARTRAC Supplier Code of Conduct, or refuses to meet the minimum standards outlined in this code, SMARTRAC reserves the right to terminate the business relationship.

Supplier audits may be used by SMARTRAC to check whether a supplier complies with SMARTRAC's Supplier Code of Conduct. Inspections at the supplier's premises are only carried out following prior notification by SMARTRAC, within normal operating hours and in line with applicable laws.

SMARTRAC looks forward to a long and mutually beneficial relationship with its suppliers.

## REFERENCES

- ▶ **Universal Declaration on Human Rights**  
<http://www.un.org/Overview/rights.html>
  
- ▶ **International Labor Standards (ILO)**  
<http://www.ilo.org/global/standards/lang--en/index.htm>
  
- ▶ **OECD Guidelines for Multinational Enterprises**  
<http://www.oecd.org>
  
- ▶ **Restriction of Hazardous Substances Directive by the European Union (ROHS)**  
[http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/restriction-of-hazardous-substances/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/restriction-of-hazardous-substances/index_en.htm)
  
- ▶ **Dodd - Frank Wall Street Reform and Consumer Protection Act (Section 1502)**  
<https://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>
  
- ▶ **SMARTRAC Code of Conduct and Integrity**  
<http://www.smartrac-group.com/compliance.html>