

Code of Conduct for Suppliers

Katun Corporation, on its own behalf and on behalf of its Affiliated Companies (hereinafter referred to as "KATUN") expects from its business partners and suppliers it purchases or considers to purchase products and / or services from to conduct their business in an ethical, socially responsible way. The purpose of this "Supplier Declaration" is to ensure compliance of Katun's suppliers ("Suppliers") with the below described provisions to which Katun requires its suppliers' strict adherence and compliance.

Katun is committed to ensure that working conditions in Katun's supply chain are safe, that workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible. Suppliers shall commit, in all their activities, to operate in full compliance with all the laws, rules, and regulations of the countries in which they operate. This Supplier Declaration draws upon internationally recognized standards, in order to advance social and environmental responsibility.

The Supplier requirements are modeled on and contain language from the recognized standards such as the Universal Declaration of Human Rights (UDHR), and standards issued by organizations such as the International Labor Organization (ILO) were used as references in setting up Katun Supplier requirements and may be useful sources of additional information. A complete list of references is provided at the end of this.

I. LABOR AND HUMAN RIGHTS

Suppliers must uphold the human rights of workers, and treat them with dignity and respect as understood by the international community.

A. Non-Discrimination

Suppliers shall not discriminate against any worker based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, national origin, or marital status in hiring and employment practices such as applications for employment, promotions, rewards, access to training, job assignments, wages, benefits, discipline, and termination.

B. Humane Treatment

Suppliers shall commit to a workplace free of harassment. Suppliers shall not threaten workers with or subject them to harsh or inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental coercion, physical coercion, verbal abuse, or unreasonable restrictions on entering or exiting company-provided facilities. Suppliers shall prohibit harassment and unlawful discrimination in the workplace.

C. Prevention of Involuntary Labor and Human Trafficking

Suppliers shall not traffic in persons or use any form of slave, forced, bonded, indentured, or prison labor. This includes the transportation, harboring, recruitment, transfer, or receipt of persons by means of threat, force, coercion, abduction, fraud, or payments to any person having control over another person for the purpose of exploitation. All work must be voluntary and workers shall be free to leave work or terminate their employment with reasonable notice. Workers must not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Suppliers shall ensure that third-party agencies providing workers are compliant with the provisions of this Declaration and the laws of the sending and receiving countries, whichever is more stringent in its protection of workers. Suppliers shall ensure that contracts for both direct and contract workers clearly convey the conditions of employment in a language understood by the worker.

D. Child Labor Prohibition

Child labor is strictly prohibited. Suppliers shall not employ children. The minimum age for employment or work shall be 15 years of age, the minimum age for employment in that country, or the age for completing compulsory education in that country, whichever is higher. This Supplier Declaration does not prohibit participation in legitimate workplace apprenticeship programs that are consistent with Article 6 of ILO Minimum Age Convention No. 138 or light work consistent with Article 7 of ILO Minimum Age Convention No. 138. Workers under the age of 18 shall not perform work that is likely to jeopardize the health or safety of young workers.

E. Juvenile Worker Protections

Suppliers may employ juveniles who are older than the applicable legal minimum age for employment but are younger than 18 years of age, provided they do not perform work likely to jeopardize their health, safety, or morals, consistent with ILO Minimum Age Convention No. 138.

F. 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 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.

Code of Conduct for Suppliers

G. Wages and Benefits

Suppliers shall pay all workers at least the minimum wage required by applicable laws and regulations and provide all legally mandated benefits. In addition to their compensation for regular hours of work, workers shall be compensated for overtime hours at the premium rate required by applicable laws and regulations. Suppliers shall not use deductions from wages as a disciplinary measure. Suppliers shall offer vacation time, leave periods, and holidays consistent with applicable laws and regulations. Suppliers shall pay workers in a timely manner and clearly convey the basis on which workers are being paid.

H. Freedom of Association

Suppliers must respect the right of workers to associate freely with, form, and join workers' organizations of their own choosing, seek representation, and bargain collectively, as permitted by and in accordance with applicable laws and regulations. Suppliers shall not discriminate with respect to employment based on union membership and, in particular, shall not make employment subject to the condition that the worker relinquish union membership or agree not to join a union; or cause the dismissal of or otherwise prejudice a worker by reason of union membership or participation in union activities outside working hours (or within working hours if the Supplier has consented to such activities or if required by applicable laws or regulations). Suppliers shall protect against acts of interference with the establishment, functioning, or administration of workers' organizations in accordance with applicable laws and regulations.

II. HEALTH AND SAFETY

Katun recognizes that integrating sound health and safety management practices into all aspects of business is essential to maintain high morale and provide innovative, high quality products and services as a high consistency of production. Suppliers shall commit creating safe working conditions and a healthy work environment for all of their workers and also recognize that ongoing worker input and education is essential for identifying and solving health and safety issues in the workplace.

A. Occupational Safety

Suppliers shall eliminate physical hazards where possible. Where physical hazards cannot be eliminated, Suppliers shall provide appropriate controls such as physical guards and barriers. Where appropriate engineering controls are not possible, Suppliers shall establish appropriate administrative controls such as safe work procedures. In all cases, Suppliers shall provide workers with appropriate personal protective equipment. Workers are encouraged to speak up in case of safety concerns and shall have the right to refuse unsafe working conditions without fear of reprisal until management adequately addresses their concerns.

B. Prevention of Chemical Exposure

Suppliers shall identify, evaluate, and control worker exposure to hazardous chemical, biological, and physical agents. Suppliers must eliminate chemical hazards where possible. Where chemical hazards cannot be eliminated, Suppliers shall provide appropriate engineering controls such as closed systems and ventilation. Where appropriate controls are not possible, Suppliers shall establish appropriate administrative controls such as safe work procedures. In all cases, Suppliers shall provide workers with appropriate personal protective equipment.

C. Emergency Prevention, Preparedness, and Response

Suppliers shall anticipate, identify, and assess emergency situations and events and minimize their impact by implementing emergency plans and response procedures, including emergency reporting, worker notification and evacuation procedures, worker training and drills, appropriate first-aid supplies, appropriate fire detection and suppression equipment, adequate exit facilities, and recovery plans.

D. Occupational Health and Safety Procedures and Systems

Suppliers shall establish procedures and systems to manage, track, and report occupational injury and illness. Such procedures and systems shall encourage worker reporting, classify and record injury and illness cases, investigate cases and implement corrective actions to eliminate their causes, provide necessary medical treatment, and facilitate the workers' return to work.

Code of Conduct for Suppliers

III. ENVIRONMENTAL IMPACT

At Katun, we 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.

A. Hazardous Substance Management and Restrictions

Suppliers shall comply with any applicable laws and regulations prohibiting or restricting the use or handling of specific substances. To ensure safe handling, movement, storage, recycling, reuse, and disposal, Suppliers shall identify and manage substances that pose a hazard if released to the environment and comply with applicable labeling laws and regulations for recycling and disposal.

B. 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.

IV. ETHICS

Suppliers must be committed to the highest standards of ethical conduct when dealing with workers, suppliers, and customers.

A. Business Integrity & Conflict of Interest

Corruption, extortion, and embezzlement, in any form, are strictly prohibited. Suppliers shall not violate any international anti-corruption conventions, and applicable anti-corruption laws and regulations of the countries in which they operate, and shall not engage in corruption, extortion, or embezzlement in any form. Suppliers shall not offer or accept bribes or other means to obtain an undue or improper advantage. Suppliers must uphold fair business standards in advertising, sales, and competition. All business dealings should be transparently performed and accurately reflected on Supplier's business books and records. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws. Supplier shall not enter into an employment, financial or any other relationship with an Katun employee or create, accept or tolerate otherwise any actual, potential or perceived conflict of interest. Such a conflict of interest might arise when the personal interests of an Katun employee are inconsistent with the responsibilities of the function of the employee within Katun Corporation. All such actual, potential or perceived conflicts must be avoided or, if recognized, disclosed and corrected.

B. Bribery

The Supplier's employees shall not directly or indirectly offer, request or accept, nor make any agreements herewith for, any bribes and/or iniquitous and illegal interests. Such interests shall include, but not be limited to kickbacks, gifts and gratuity, entertainment, transportation and accommodation. Small gifts and presents of minor value, in line with normal culturally and socially acceptable standards, are not considered to fall under this ruling. All employees of the Supplier shall be obliged to dissuade the business partner or its employees from conducting attempts of bribery. They shall not, directly or indirectly, request for, accept, take or make agreements for any bribes and/or iniquitous and illegal interests from any business partner or cause to favor himself/herself, his/her related persons and/or assignees.

C. Disclosure of Information

Suppliers must accurately record and disclose information regarding their business activities, structure, financial situation, and performance in accordance with applicable laws and regulations and prevailing industry practices.

D. Speak up policy

Suppliers shall create programs to ensure the protection of Supplier and worker confidentiality and prohibit retaliation against workers who participate in such programs in good faith or refuse an order that is in violation of this Supplier Declaration. Suppliers shall provide an anonymous complaint mechanism for workers to report workplace grievances in accordance with local laws and regulations. Suppliers should have a communicated process for their workers to be able to raise any concerns without fear of retaliation.

Code of Conduct for Suppliers

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E. Community Engagement

Suppliers are encouraged to engage the community to help foster social and economic development and to contribute to the sustainability of the communities in which they operate.

F. Protection of Intellectual Property

Suppliers must respect intellectual property rights and safeguard customer information; transfer of technology and know-how must be done in a manner that protects intellectual property rights. Suppliers must at any time comply with the Katun's Non-Disclosure agreements to protect the intellectual property of Katun and its customers.

G. Privacy

Suppliers are expected to commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers 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. Suppliers must comply with all privacy and information security laws and regulatory requirements of the location where the data or personally identifiable information originates. For avoidance of doubt, if the personally identifiable information originates in Europe, Suppliers must comply with the General Data Privacy Regulation. Suppliers must commit to implementing computer and electronic systems to minimize or prevent any security or data privacy breaches.

V. MANAGEMENT COMMITMENT

Suppliers must adopt or establish a management system designed to ensure compliance with this Supplier Declaration, applicable laws and regulations and customer requirements related to the Supplier's operations and products, identify and mitigate related operational risks and facilitate continuous improvement.. The management commitment should contain the following elements:

A. Company Statement

Supplier should have a corporate social and environmental responsibility statement affirming the Supplier's commitment to compliance and continual improvement, to be posted in the primary local language at all of the Supplier's worksites.

B. Management Accountability and Responsibility

Supplier should have clearly identified company representatives responsible for ensuring implementation and periodic review of the status of the Supplier's management systems.

C. Risk Assessment and Management

Supplier should maintain a process to identify environmental, health and safety, business ethics, labor, human rights, legal compliance risks associated with their operations, regulations and customer requirements, including the requirements of this Supplier Declaration; determine the relative significance of each risk; and implement appropriate procedures and physical controls to ensure compliance and control the identified risks. Risk assessments for health and safety must include warehouse and storage facilities, plant and facility support equipment, laboratories and test areas, bathrooms, kitchens, cafeterias and worker housing.

D. Performance Objectives with Implementation Plans and Measures

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

E. Audits and Assessments

Supplier should conduct periodic self-evaluations to ensure that the Supplier, its subcontractors, and its next-tier suppliers are complying with this Supplier Declaration and with applicable laws and regulations.

Code of Conduct for Suppliers

F. Documentation and Records

Supplier shall have processes to identify, monitor, and understand applicable laws and regulations and the additional requirements imposed by this Supplier Declaration. Supplier shall obtain, maintain, and keep current a valid business license as required by applicable laws and regulations. Supplier shall have processes for creation of documents and records to ensure regulatory compliance and conformity with this Supplier Declaration, with appropriate confidentiality measures to protect privacy.

G. Training

Suppliers shall have programs in place for training managers and workers to implement their policies and procedures and to fulfill improvement objectives.

H. Communication

Suppliers shall have a process for communicating clear and accurate information about their performance, practices, and expectations to their workers, suppliers and customers.

I. Worker Feedback and Participation

Suppliers shall have an ongoing process to assess employees' understanding of and obtain feedback on processes and practices related to this Supplier Declaration and to foster continuous improvement.

J. Corrective Action Process

Supplier shall have a process for timely correction of any deficiencies identified by an internal or external audit, assessment, inspection, investigation, or review.

K. Supplier Responsibility

Supplier shall maintain a process to communicate the requirements of this Supplier Declaration to suppliers and to monitor supplier compliance therewith.

VI. MISCELLANEOUS

A. Consequences of violations

The breach of one of the provisions of this Supplier Declaration would have a serious impact on the partnership between the Supplier and Katun. Without limiting any other rights, Katun reserves the right to terminate or cancel the business relationship to the Supplier without any further liability if Supplier is in breach of an obligation under this Declaration.

B. Accountability for subcontractors

Supplier shall remain primarily responsible for the acts and omissions of its agents or subcontractors as though such acts or omissions were its own. In the event that any of Supplier's subcontractors shall breach any of the obligations as stated in this Declaration, Supplier is obliged to give Katun immediate written notice thereof and is further obliged to immediately terminate any business relationship with the breaching subcontractor(s).

C. Period of validity

This code of conduct continues to be effective until terminated in accordance with the terms of the business relationship between Katun and Supplier.

D. Modifications and Additions

Deviation from or modification of the provisions and requirements of this Supplier Declaration is not allowed, unless otherwise agreed between Katun and Supplier in writing.

E. Severability

If any provision contained in this Supplier Declaration is, for any reason, held to be invalid or unenforceable, in any respect, such invalidity or unenforceability will not affect the validity of the remaining provisions of this Declaration. In case of such invalidity or unenforceability Supplier agrees to attempt supplementing this Supplier Declaration mutually agreed with Katun that comes near the economic objective of the invalid provision.

Code of Conduct for Suppliers

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References

- Ethical Trading Initiative
- ILO Code of Practice in Safety and Health
- ILO International Labor Standards
- OECD Due Diligence Guidance
- United Nations Convention Against Corruption
- United Nations Global Compact
- Universal Declaration of Human Rights
- UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights
- Katun Corporation Human rights Policy
- Katun Corporation Corporate responsibility
- Katun Corporation Code of Conduct.

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