

# **SUPPLIER CODE OF CONDUCT**

**July 2013**

## SUPPLIER CODE OF CONDUCT

Air Distribution Technologies, Inc., and its affiliates and subsidiaries (collectively, the “**ADTI Group**”) are committed to the highest standards of product quality and business integrity in its dealings with Suppliers. The policy of the members of the ADTI Group is to deal only with suppliers who ensure that: (i) working conditions in the supply chain are safe, (ii) workers are treated with respect and dignity, and (iii) manufacturing processes are environmentally responsible. In addition, suppliers are expected to operate in full compliance with the laws, rules, and regulations of the countries in which they operate.

This Supplier Code of Conduct (this “**Code**”) encourages Suppliers to go beyond legal compliance and to draw upon internationally recognized standards, in order to advance social and environmental responsibility. Recognized standards such as International Labour Organization (ILO), Universal Declaration of Human Rights, Social Accountability International, Ethical Trading Initiative, and other local regulations such as the California Transparency in Supply Chains Act were used as references in preparing this Code and may be useful sources of additional information. Suppliers should support and adhere to these same standards.

ADTI Group strongly encourages our Suppliers to acknowledge and support our Code and seek to conform to its standards and provisions as documented in detail below. Failure to comply with the standards and provisions set forth in our Code may result in Supplier disqualification.

## **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. Prevention of Involuntary Labor.**

Suppliers must not participate in human trafficking or use any form of forced, indentured, or prison labor. All work must be voluntary, and workers must be free to leave work or terminate their employment with reasonable notice. Suppliers shall ensure that third-party labor agencies that provide workers are compliant with the provisions of this Code and the laws of the sending country and receiving country, whichever is more stringent in its protection of workers. They must be able to certify that materials included in their products comply with the slavery and human trafficking laws of the country or countries in which they do business.

### **B. Prevention of Underage Labor.**

Suppliers shall ensure that:

- none of the goods they sell are produced by child labor and
- none of the services rendered in connection with the production and transport of such goods are performed by child labor.

For purposes of this Policy child labor means work performed by a person under the age of 15 years, under the minimum age for employment in the country in which the work occurs, or under the age for completing compulsory education in that country, whichever is highest. 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.

### **C. Antidiscrimination.**

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. Suppliers shall not engage in such discrimination in hiring and employment practices such as applications for employment, promotions, rewards, access to training, job assignments, wages, benefits, discipline, and terminations.

### **D. Fair Treatment.**

Suppliers must treat all workers with respect and dignity and be committed to having a workplace that is free of harassment. Suppliers shall not threaten workers with, or subject them to, harsh or inhumane treatment, including but not limited to sexual harassment, sexual abuse, corporal punishment, mental coercion, physical coercion, verbal abuse, or unreasonable

restrictions on entering or exiting company-provided facilities.

In addition, suppliers must provide an environment that allows employees to raise concerns without fear of retaliation. Where it is allowed by law, suppliers should have a system that allows employees to anonymously report their concerns.

**E. Working Hours.**

Suppliers must comply with applicable wage and hour labor laws and regulations governing employee compensation and working hours. Suppliers should conduct operations in ways that limit overtime to a level that ensures a humane and productive work environment.

Under no circumstances will workweeks exceed the maximum time permitted under applicable laws and regulations. Suppliers must offer vacation time, leave periods, and holidays that are consistent with applicable laws and regulations.

**F. Wages and Benefits.**

Suppliers must 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 must 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. Workers must be paid in a timely manner, and the basis on which workers are being paid must be clearly conveyed to them in a timely manner.

**G. Freedom of Association.**

Suppliers must respect the right of workers to associate freely, form and join workers organizations of their own choosing, seek representation and bargain collectively, as permitted by applicable laws and regulations. Suppliers must protect against acts of interference with the establishment, functioning, or administration of workers' organizations in accordance with applicable laws and regulations.

**H. Conflict Minerals.**

There has been an increased awareness of violence and human rights violations in the mining of certain minerals from a location described as the "**Conflict Region**", which is situated in the eastern portion of the Democratic Republic of the Congo and surrounding countries. Suppliers of metals used in the manufacturing of ADTI products (specifically gold, tin, tantalum, and tungsten) will not knowingly procure specified metals that originate from the Conflict Region. Suppliers must provide written evidence of due diligence documenting that raw materials used to produce gold, tin, tantalum and tungsten, supplied to or used in the manufacture of ADTI products, do not originate from the Conflict Region.

## **II. HEALTH AND SAFETY.**

ADTI Group recognizes that integrating appropriate health and safety management practices into all aspects of business is essential to maintaining high morale. Suppliers must be committed to creating a safe and healthy work environment for all of their workers.

### **A. Occupational Injury Prevention.**

Suppliers should eliminate physical hazards where possible. Where physical hazards cannot be eliminated, Suppliers must provide appropriate engineering controls such as physical guards, interlocks, and barriers. Where appropriate engineering controls are not possible, Suppliers must establish appropriate administrative controls such as safe work procedures. In all cases, Suppliers must provide workers appropriate personal protective equipment. Workers must have the right to refuse unsafe working conditions without fear of reprisal.

### **B. Emergency Prevention, Preparedness, and Response.**

Suppliers should anticipate, identify, and assess emergency situations and minimize their impact by implementing emergency plans and response procedures, including but not limited to emergency reporting, worker notification and evacuation procedures, worker training and drills, appropriate first-aid supplies, appropriate fire-detection equipment, appropriate fire-suppression equipment, and adequate exits from all facilities owned or operated by the Supplier.

### **C. Occupational Safety Procedures and Systems.**

Suppliers should establish procedures and systems to manage, track, and report occupational injury and illness. Such procedures and systems should encourage worker reporting, classify and record injuries and illness cases, investigate injuries and illness cases and implement corrective actions to eliminate their causes. Suppliers shall also provide any necessary medical treatment and facilitate workers' return to work in compliance with all applicable laws and regulations.

### **D. Communication.**

In order to foster a safe work environment, Suppliers shall ensure that workers receive appropriate workplace health and safety information and training, including warnings in their primary language. Suppliers must post Material Safety Data Sheets in the primary language of its workers for any hazardous or toxic substances used in the workplace and properly train workers who will come into contact with such substances.

## **III. THE ENVIRONMENT.**

At ADTI Group, environmental considerations are an integral part of our business practices. Suppliers must be committed to reducing the environmental impact of their designs, manufacturing processes, and waste emissions. In manufacturing operations, adverse effects on the environment and natural resources are to be minimized while safeguarding the health and safety of the public.

**A. Hazardous Substance Management and Restrictions.**

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

**B. Wastewater and Solid Waste Emissions.**

Wastewater and solid waste generated from operations, industrial processes, and sanitation facilities must be monitored, controlled, and treated as required by applicable laws and regulations before discharge or disposal.

**C. Air Emissions.**

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals, and combustion by-products generated from operations must be characterized, monitored, controlled, and treated as required by applicable laws and regulations before discharge.

**D. Environmental Permits and Reporting.**

Suppliers must obtain, maintain, and keep current all required environmental permits (e.g. discharge monitoring) and registrations, and follow the operational and reporting requirements of such permits.

**E. Pollution Prevention and Resource Reduction**

Suppliers must endeavor to reduce or eliminate waste of all types, including water and energy, by implementing appropriate conservation measures in their facilities, in their maintenance and production processes, and by recycling, re-using, or substituting materials.

**IV. ETHICS.**

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

**A. Corruption, Extortion, or Embezzlement.**

Suppliers shall not engage in corruption, extortion or embezzlement in any form and violations of this prohibition may result in immediate termination of a Supplier and legal action.

**B. No Improper Advantage.**

Suppliers shall neither offer nor accept bribes or other means of obtaining undue or improper

advantage. This restriction applies even when local laws permit such activity. Employees, suppliers, and agents acting on behalf of ADTI Group are strictly prohibited from accepting such considerations under any circumstance.

Suppliers must not offer gifts to the employees ADTI Group and its subsidiaries, including but not limited to gifts of nominal value, not to exceed \$250. Although giving gifts is acceptable in some cultures, ADTI Group requests that suppliers respect its policy of not accepting gifts.

**C. Confidential Information / Intellectual Property.**

Proper management of confidential information is critical to the success of both ADTI Group and Suppliers. Suppliers must protect all ADTI Group information, electronic data, and intellectual property with appropriate safeguards. Any transfer of confidential information must be executed in a way that secures and protects the intellectual property rights of ADTI Group and its suppliers. Suppliers may receive confidential information of ADTI Group only as authorized by a confidentiality or non-disclosure agreement and must comply with their obligations to: (i) refrain from disclosing or using the confidential information, except as permitted by the agreement, (ii) protect ADTI Group's confidential information from misuse or unauthorized disclosure. Suppliers can expect ADTI Group to similarly safeguard their confidential information when suppliers indicate that information provided to ADTI Group is confidential.

Suppliers may not use the ADTI Group trademark, images, or other materials to which ADTI Group owns the copyright, unless authorized in writing by a member of the ADTI Group.

**D. Whistleblowers Protection and Anonymous Complaints.**

Suppliers should create programs to ensure the protection of the confidentiality of whistleblowers and prohibit retaliation against workers who participate in such programs in good faith. Suppliers shall provide a mechanism for workers to make anonymous complaints and report workplace grievances.

**E. Fair Business, Advertising, and Competition.**

Suppliers should uphold fair business standards in advertising, sales, and competition. Suppliers shall not engage in collusive bidding, price fixing, price discrimination, or other unfair trade practices in violation of federal or state antitrust laws.

**V. COMPLIANCE.**

**A. Supplier Management System.**

Every Supplier is expected to have a management system that ensures compliance with applicable laws, regulations, and ADTI Group policies, including this Supplier Code of Conduct. In addition, such system should be able to identify and reduce operational risks related to this Code. The system should also promote continuous improvement and compliance with changing laws and regulations.

**B. Supply Chain Transparency.**

Supply chain transparency is required to confirm compliance to this Code. To monitor compliance, ADTI Group might request documentation, conduct onsite audits, review and approve corrective action plans, and verify implementation of corrective action.

**C. Dissemination / Communication.**

Suppliers are expected to assist ADTI Group in enforcing this Code by communicating its principles to their supervisors, employees, and suppliers.

**D. Non-Compliance Reporting.**

Violations of this Code can be reported confidentially by using one of the hotline numbers listed on Appendix A, attached hereto and incorporated herein by this reference.

The ADTI Group Supplier Code of Conduct is available in additional languages at:

<http://www.airdistribution.com/legal.aspx>



## APPENDIX A

<b>ADTI Group Ethics and Compliance Hotline Hotline Numbers by Country April 16, 2013</b>				
Country	Language	800 #	Options	Cell Phone Access
Canada	English	1-877-375-7808	Direct	Yes
China (North)	Chinese - Mandarin	1010800-713-1840	Option 2	No
China (South)	Chinese – Mandarin	10800-1301-803		
India	Hindi	00-0800-100-4316	Direct	Yes
Mexico	Spanish	001-855-685-3758	Direct	Yes
Thailand	Thai	001-800-13-204-9827	Option 3	Yes
United Arab Emirates	English	800035702433	Direct	Yes
United Kingdom	English	0808-234-0115	Option 1	Yes
United States	English	1-877-375-7808	Direct	Yes