

Lenzing Plastics GmbH & CO KG Supplier Code of Conduct

I – INTRODUCTION

Lenzing Plastics (in short “LPG”) strives to conduct business in a responsible manner, based on the duty to respect human and labour rights, protect health, safety and the environment, and in general, apply sound business practices.

In order to make LPG’s position clear to our suppliers¹, we have set up this Code of Conduct (hereinafter referred to as “CoC”). This CoC is based on [UN declarations](#), [core ILO conventions](#), the ETI Base code, and UN [Global Compact’s](#) 10 principles for sustainable development, to which LPG is committed.

LPG will, when selecting suppliers, in addition to other commercial aspects, consider compliance with this CoC. The CoC outlines a minimum standard of conduct. We expect that our suppliers always try to exercise good judgement, care and consideration by following both the requirements and the intentions of the CoC. Furthermore, we expect our suppliers to be transparent and have an open dialogue with us about challenges which they encounter as part of their operations.

When this CoC has been communicated to a specific supplier, it shall be regarded as a contract document and as an integral part of any contract entered into between LPG and the supplier in question.

In addition to adherence to this CoC, LPG expects all suppliers to comply with applicable national and international laws and standards.

II – REQUIREMENTS

1. LABOUR STANDARDS

1.1	There shall be no forced, bonded or involuntary labour. Workers shall be free to leave the workplace premises at the end of the day.	It is complied as per statutory norms laid down by the competent Government authorities.
1.2	Workers shall not be required to lodge deposits or identity papers with the supplier’s company (their employer), and shall be free to leave the company after reasonable notice.	It is complied as per statutory norms laid down by the competent Government authorities.
1.3	Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively. Workers’ representatives shall not be discriminated and shall have access to carrying out their function of representation in the workplace. Where the right to freedom of association and collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of parallel means for independent and free association and bargaining.	Right to represent the issues by individuals and group of people is allowed through committees and forums.

1.4	<p>Child labour² shall be prohibited. Suppliers shall take the appropriate measures to ensure that no child labour occurs at their own place of production or operations or at their sub- contractors' sites of production or operations.</p> <p>Young persons under the age of 18 shall not be engaged in work that is hazardous to their health or safety, including night work.</p> <p>If child labour is already in existence, sustained efforts shall be made to redress the situation as quickly as possible. However, the children concerned shall be given the possibility of earning a livelihood, as well as acquiring an education until they are no longer of compulsory school age. All such cases must be brought to the attention of Orkla for discussion.</p> <p>The supplier shall have a certified copy of an official document which shows the worker's date of birth. In countries where this is not possible, the factory shall implement an appropriate method for evaluating the age of its workers.</p>	<p>We are ensuring that no person of less than 18 years of age is employed. All the relevant proofs and documents are verified before person is taken in the employment thereby ascertaining that all statutory compliances are in place.</p>
1.5	<p>Wages and social benefits shall meet, at a minimum, national legal standards or industry standards, whichever is higher. Wages should be enough to meet basic needs. Social benefits shall at least be in accordance with national law or the prevailing industry standard, whichever is highest.</p> <p>All workers shall be provided with a written and comprehensible contract outlining their wage conditions and method of payments before entering employment. Deductions from wages as a disciplinary measure shall not be permitted</p>	<p>Salary and wages are being paid as per Minimum Wage act declared by the competent government authorities time to time.</p> <p>All the workers are provided written appointment letters and also guidelines governing the benefits and other aspects are very well outlined and communicated as well.</p>
1.6	<p>Workers shall be granted annual leave and sick leave, to which they are entitled according to national legislation, without any form of negative sanctions. In case of pregnancy, female workers shall be given maternity leave in accordance with the national legislation.</p> <p>Working hours and breaks shall comply with national laws and industry standards, whichever affords greater protection. It is recommended that working hours do not exceed 48 hours per week. Workers shall be provided with at least one day off for every 7 day period</p>	<p>It is complied as per statutory norms laid down by the competent Government authorities.</p> <p>Annual leave, casual leave and sick leave are provided to the workers as per need. Maternity leaves are also paid to the females been hired.</p> <p>We have been adhering to these conditions as per statutory provisions under Factories Act rules and regulations.</p>

	Overtime shall be voluntary and limited. Recommended maximum overtime is 12 hours per week. Workers shall receive overtime pay. The pay shall, as a minimum, be in accordance with requirements in applicable law.	We have been adhering the norms as per statutory provisions of Factories Act and payment is also made as per statutory provisions under the act.
1.7	There shall be no discrimination in hiring, compensation, access to training, promotion or termination of work based on ethnic background, religion, caste, age, disability, gender, marital status, pregnancy, sexual orientation, union membership or political affiliation. All workers with the same experience and qualifications should receive equal pay for equal works.	We follow the principle of equal opportunities for all according to their skills and competencies without any prejudice to the above mentioned aspects.
1.8	Physical or mental abuse or punishment, or threats of physical or mental abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, shall be prohibited.	We do take care of these aspects and ensure that no such things happen. Sound internal mechanism exists to prevent such deviations.
1.9	Obligations towards employees based on international conventions and social security laws, and regulations arising from the regular employment relationship, shall not be avoided through the use of short-term contracting (such as contract labour, day labour, sub- contractors or other labour relationships.)	It is complied as per statutory norms laid down by the competent Government authorities.
1.10	The duration and content of apprenticeship programmes shall be clearly defined	We have defined duration of all apprentices in all trades. Their contents of training are also well defined.

2. OCCUPATIONAL HEALTH AND SAFETY

2.1	The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents, fires and injuries arising out of, associated with, or occurring in, the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. Access to clean toilet facilities and to drinkable water and, if appropriate, sanitary facilities for food storage shall be provided.	It is complied as per statutory norms laid down by the competent Government authorities. We do follow the regular Hygiene audit internally by our OHC doctor and also monitor by third party audit to maintain work place in good condition with respect to cleaning, light and sound level etc.
2.2	Workers shall receive regular and documented health and safety training, and such training shall be repeated for new or reassigned workers. Recurring training should be provided to workers in hazardous areas.	We have practice to circulate health bulletin through our FMO, and practice to organize training to all the level of employees on Health, Work specific cares ,use of PPE and Climatic changes and impact on health.

2.3	Accommodation, where provided, shall be clean, safe and adequately ventilated, and be equipped with clean toilet facilities and clean water supplies.	We don't provide accommodation facility. The toilets provided at site are maintained on daily basis with dedicated cleaning staff and regular auditing by supervisor.
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3. ENVIRONMENT

3.1	Measures to protect the environment and manage resources in a responsible manner shall be taken into consideration throughout the production and distribution chain ranging from production to point of sale. The local environment at the production site, as well as regional and global environment, shall not be exploited or degraded by pollution.	We are operating our site with valid consent from Pollution control board , and same has been monitored by board for compliances on regular visit as well as surprise checks.
3.2	Relevant discharge permits shall be obtained where required.	Our Discharge is through dedicated line provided by GIDC and parameters are monitored by Pollution Control Board & Competent Regulatory Authorities. There is strict regular monitoring of the quality of effluent discharge.
3.3	Hazardous chemicals and other substances, and waste from such substances, shall be carefully managed. They may only be used if handled correctly and if the environment does not suffer through their use. All raw materials, chemicals ³ , waste etc. shall be stored in an orderly manner.	We do have valid membership of disposal facility which is approved and permitted by pollution control board for disposal of Haz. waste. We are using this facility to dispose off Hazardous wastes through approved transporter to the dedicated deposal site. For non HAZ category waste we have own dedicated waste disposal site permitted by Pollution control board
3.4	The supplier shall establish a system for adequate waste management and oversee that sub- contractors have such systems.	It is complied as per statutory norms laid down by the competent Government authorities. Waste disposal system has been operated and monitored by government authorized auditor.

3.5	The supplier shall have and maintain a list of all the hazardous and non-hazardous goods in order to monitor the type/classification and quantity that is generated as a result of the supplier's activities, either directly or indirectly.	List of hazardous waste is available duly monitored and available as per Pollution Control Board. Strict control is exercised on disposal of hazardous waste.
3.6	<p>All the hazardous chemicals warehousing facilities shall consist of a secure and designated area that is clearly identified. The storage facilities must be free of possible leakage. Personnel handling hazardous chemicals must</p> <p>a) be trained and informed regarding the risk, b) be given clear and visible instructions regarding how to handle the waste, c) be given equipment to carry out safe and proper handling of hazardous chemicals, and d) be instructed how to act if an accident and/or other emergency incidents occur.</p>	<p>All the HAZ chemicals are monitored by trained persons and audited by dedicated Safety team for all safety related compliances MSDS for all the chemicals are available at storage and user dept. DO's and Don'ts with respect to safe handling are available near to the users location and refresher training for operating staff on regular intervals is being conducted by Safety Dept. There is strict compliance on usage of PPE and cardinal rules are in place to prevent any deviations.</p>
3.7	Water usage shall not be excessive and shall be properly managed.	As a precious natural resource we as responsible corporate is having high focus on water usage and discharge and working on Zero discharge process scheme for water recycle and conservation.
3.8	For products based on animals, due consideration for the animals' welfare shall be ensured through the whole value chain. As a minimum, the supplier shall comply with local legislation	Not applicable

4. BUSINESS INTEGRITY

4.1	The supplier shall comply with applicable laws concerning bribery, corruption, fraud and any other prohibited business practices. The supplier shall not offer, promise or give any improper benefit, favour or incentive to any public official, international organisation or other third party.	<p>We have been complying with all norms of legislations. We do not offer or allow to accept any gift or bribe. We have a 'ZERO' tolerance on corruption or fraud. There is internal auditing mechanism to prevent deviations.</p>
4.2	The supplier shall not, directly or indirectly, offer gifts to LPG employees or persons representing LPG or anyone closely related to these, unless the gift is of insignificant	We believe in these values and ensure strict compliance.

	value. Hospitality, such as social events, meals or entertainments may be offered if there is a legitimate business purpose involved, and the cost is kept within reasonable limits. Travel expenses for the individual representing LPG shall be paid for by LPG. Hospitality, expenses or gifts shall not be offered or received in situations of contract bidding, negotiations or award	
4.3	The supplier shall under no circumstance cause or be part of any breach of general or special competition regulations and laws, such as illegal cooperation on pricing or illegal market sharing.	It is complied as per statutory norms laid down by the competent Government authorities.
4.4	Production and extraction of raw materials for production shall not contribute to the destruction of the resources and income base for marginalised populations, such as in claiming large land areas or other natural resources on which these populations are dependent.	There is strict compliance to conserve resources and norms are laid down which are strictly monitored.

5. MANAGEMENT SYSTEM

5.1	The supplier shall take positive actions to respond to the requirements of this CoC and to incorporate the principles of the CoC into its operations. The supplier must also take steps to follow-up on these requirements to their own suppliers and sub-suppliers.	CoC communicate to all the levels and strictly followed.
5.2	The supplier shall periodically and systematically review how its own operations match the requirements of this CoC	We have process of Monthly review in place to monitor the performance with respect to Quality system. Environment Management system and CoC under MRM and report of MRM is communicated to all Concerned for Compliances .
5.3	The supplier shall maintain appropriate records to demonstrate compliance with the requirements of this CoC, and shall be able to provide reasonable information when requested by LPG. An auditor appointed by LPG shall, if requested by LPG, be given access to the records and to other information in order to verify such compliance.	Maintained all the required records and are available for review and verification.
5.4	The supplier shall obtain LPG's consent prior to outsourcing production or parts of the production, to a sub-supplier.	Agreed
5.5	When the supplier uses sub-suppliers in connection with a delivery to LPG, all links shall be traceable concerning the manufacturing location with respect to any delivery to LPG. If requested by LPG, the supplier shall inform LPG about all sub-suppliers and manufacturing locations in question.	Agreed

¹ Definitions: **Supplier** is the contractual partner responsible for the product or service supplied to LPG and any of its subsidiaries. **Subcontractor** is a business entity in the supply chain directly or indirectly providing the supplier with goods

² Child labour is defined as work conducted by children, which interferes with a child's right to healthy growth and development and denies him or her the right to quality education. The minimum age for workers shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years (14 in certain countries according to ILO convention 138).

³ By chemicals we mean chemical substances and products, e.g. oil, diesel, glue, lacquer, solvents, paints, dyes hardeners, stains, waxes, acids, additives etc.

III – COMPLIANCE WITH THIS CODE OF CONDUCT – IMPROVEMENTS

1. AUDITING AND MONITORING

<p>In order to evaluate compliance with this CoC, LPG may conduct on-site audits of suppliers and their production sites. We reserve the right to monitor compliance with this CoC by inspections, conducted by LPG personnel or independent, third party auditors. Suppliers may also be requested to do self assessment evaluations⁴ of their own business based on this CoC.</p> <p>Audits will be carried out in accordance with the methodology of international standards, such as SMETA, SA8000 and ISO14001, in order to check against the requirements of this CoC. The type(s) of audit(s) which will be conducted shall, if possible, be agreed between LPG and the supplier in advance.</p>	<p>Agreed</p>
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2. NON-COMPLIANCE – CORRECTIVE ACTIONS – TERMINATION OF THE CONTRACT

<p>This CoC sets the standard expected to be met by all our suppliers throughout the value chain. If the requirements in this CoC are not met by a supplier, the parties will discuss corrective actions through an open dialogue. The supplier shall do its utmost to implement corrective actions as soon as possible, and it shall inform LPG about any such actions.</p> <p>If it is established that (i) a supplier is unwilling or unable to carry out corrective actions which LPG finds necessary in order to comply with this CoC, or (ii) the supplier or any of its sub-suppliers has committed a substantial breach or repeated breaches of the requirements in this CoC, LPG is entitled to terminate the business relationship and any contract(s) with the supplier. Such termination shall be effective from the time stated in a written termination notice from LPG.</p>	<p>Agreed</p>
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3. EVALUATION AND IMPROVEMENTS

<p>LPG expects that the suppliers continuously and systematically evaluate their compliance with this CoC. We furthermore expect that improvement measures, whenever needed, are implemented by the suppliers. LPG will also</p>	<p>Agreed</p>
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continuously evaluate and, if needed, improve our own policies and purchasing practices in order to facilitate the suppliers' and their sub-suppliers' compliance with this CoC.	
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⁴ Supplier self assessment evaluations may be conducted ad hoc or systematically via either LPG internal or external systems we find most relevant for the supplier.

IV – BOYCOTT OF AND SANCTIONS AGAINST CERTAIN COUNTRIES, INDUSTRIES AND/OR COMPANIES

LPG will avoid buying from a country when there is a broad international consensus to boycott the country, or when sanctions against the country have been implemented by the United Nations. LPG will avoid engaging with industries or companies when there is a broad consensus to boycott due to the negative social, environmental or ethical effects of the products, services or companies. We expect our suppliers to implement a similar policy.	Agreed
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Appendix 1:

UN's Global Compact's 10 principles - www.unglobalcompact.org/

4 key areas:

HUMAN RIGHTS - LABOUR STANDARDS - ENVIRONMENT - ANTI-CORRUPTION

Appendix 2:

List of references to international conventions and declarations:

The Universal Declaration of Human Rights (UN 1948) - www.un.org

Freely Chosen Employment

ILO Conventions Nos. 29 and 105

Freedom of Association and the Right to Collective Bargaining

ILO Conventions Nos. 87, 98, 135 and 154

No Child Labour

UN Convention on the Rights of the Child

ILO Conventions Nos. 138, 182 and 79

ILO Recommendation No. 146

No Discrimination

ILO Conventions Nos. 100 and 111

UN Convention on Discrimination Against Women

Safe and Hygienic Working Conditions

ILO Convention No. 155

ILO Recommendation No. 164

Adequate Wages

ILO Convention No. 131

No Excessive Working Hours

ILO Convention No. 1 and 14

For more information from the International Labour Organization (ILO), visit www.ilo.org. For more information about the Ethical Trading Initiative (ETI), visit www.ethicaltrading.org