

Behn Meyer Supplier Sustainability Guidelines

August, 2021

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About the Guidelines

The guidelines provide an overview of the minimum environmental, social and governance standards we expect our suppliers to meet. It also outlines how we will check suppliers are complying with these standards and explains why compliance is important for both ours and our suppliers' businesses. We have established these guidelines to further promote collaboration with our suppliers.

1. Behn Meyer's Sustainability in supply chain

We are committed to building a sustainable supply chain to ensure that our partnerships are free from any environmental, social and governance risks, and to achieve stable and sustainable development. Going forward, we aim to be a company that responds to the expectations of all stakeholders by actively working toward the higher goal of contributing to the creation of a sustainable society and resolving social issues through our business activities. Consequently, it is essential that our suppliers work together with us to resolve any issues that may lay ahead.

2. What do we expect from suppliers

As a supplier to Behn Meyer, we expect you to comply with three sets of requirements, which form a standard part of our contracts:

1. Behn Meyer's Supplier Code of Conduct
2. Behn Meyer's Code of Ethics for Business Associates
3. Sustainable Procurement Group Policy

We are also keen to work with suppliers on other important topics, especially carbon emissions and water. If you are interested in working with us on these or other sustainability challenges, please contact our corporate sustainability manager at sustainability@behnmeyer.com.sg

The below summarises the key requirements. It sets out Behn Meyer's business principles and ethical values:

- Compliance with environmental, health & safety, labour and social laws and regulations and our company policies
- Ethical business conduct and fair dealing
- Anti-bribery and corruption
- Protecting employee and contractor human rights, ensuring equal opportunities, no discrimination and a safe and healthy working environment
- Avoiding conflicts of interest
- Protecting the environment
- Setting clear environmental and social requirements for suppliers

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Behn Meyer has a confidential Whistleblower Policy and Process in place to encourage the reporting of any non-compliance with our Code of Business Conduct. Our Code of Conduct are available here: <https://www.behnmeyer.com/sustainability/governance>

Why must I meet your minimum sustainability standards?

1. It is Behn Meyer's policy and the requirement to comply will be included in your contract.
2. It will help your business to:
 - Minimise the risk of non-compliance with local legal requirements.
 - Access key global customers who have high sustainability standards.
 - Minimise the risk of supply chain interruption (for example, from Environment, Health & Safety (EHS) incidents or labour disputes).
 - Improve worker productivity and retention as a result of better working conditions and fair terms of employment.
 - Minimise the risk of damage to your reputation from sustainability related issues (such as poor working conditions).

3. How do we check suppliers are meeting our expectations

We have introduced a new process to help ensure all suppliers meet these expectations. This builds on our existing compliance process. The process consists of Supplier Sustainability Performance Assessment, Supplier CSR Risk Assessment, Audit and Corrective Action.

3.1 Supplier Sustainability Performance Assessment

Each year we will ask selected suppliers to complete a Supplier Sustainability Performance Assessment of their compliance with legal and industry labour, health & safety and environmental standards. This will involve completion of an assessment questionnaire that is provided by Behn Meyer. The assessment covers the three sustainability elements – Environment, Social and Governance questions including but not limited to labour standards, health & safety, environment and business practices. We will use an evaluation rating system for your sustainability performance, it will be part of our supplier selection process for preferred supplier group.

3.2 Supplier CSR Risk Assessment

We will review the Sustainability Performance Assessment Questionnaire responses to classify the selected suppliers as high, medium or low risk. Classification will also take account of the results from any previous audits shared with Behn Meyer and the inherent risks associated with the supplier's specific location and business activities.

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3.3 Audit programme

Selected high risk suppliers will be required to undertake an independent external audit. Behn Meyer will recognise audits carried out by internationally recognised auditing firms, which have been completed within the past 1-2 years (depending on risk and nature of past non-compliances). External auditors will arrange to visit selected suppliers' facilities to evaluate their compliance with minimum labour, health and safety and environmental standards.

3.4 Corrective action

Where the audit finds non-compliances we will require the supplier to identify corrective actions and timescales for completing these actions. The auditor will need confirmation that the corrective actions have been completed to achieve compliance. Depending on the nature of the issue, the auditor may need to make a follow-up site visit.

What happens if I comply with local legal requirements but do not comply with the related Behn Meyer requirement?

We expect you to comply with the Behn Meyer requirements even if these exceed local regulations. You should review the root cause of the non-compliance and identify appropriate corrective action.

Sustainability Stakeholder Engagement Survey

We will conduct yearly Sustainability Stakeholder Engagement Survey via web-based questionnaires, it aims to obtain anonymous feedback as an input for us to verify ESG (Environmental, Social & Governance) risks and improve for better supply chain management.

4. Responsible Business Operations

4.1 Business Ethics

Suppliers of Behn Meyer must pledge their support to the principles and guidelines provided in Behn Meyer's Code of Conduct and incorporate all provisions mentioned therewith. Suppliers should ensure the highest level of compliance in relevant environmental and social regulations as applicable at the state and national level.

- Compliance with Laws and Regulations:
 - We will strive to comply with all laws and regulations in the countries and regions where we operate, and to comply with industry standards related to fair business activities.
- Compliance with Competition Law:
 - We will not engage in private monopolization, unreasonable restraint of trade (cartels, bid rigging, etc.), unfair trade practices, or abuse of a dominant bargaining position to comply with the competition laws of each country or region.

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- **Prevention of Corruption:**
 - Political contributions and donations will be done in accordance with the laws and regulations of each country and region, and efforts will be made to build transparent and fair relations with governments and administrations.
 - Employees shall not entertain, give or receive gifts or money to business partners for the purpose of obtaining or maintaining unjust advantages and preferential treatment.
- **Protection of Intellectual Property and Prevention of Infringement**
 - We will protect the intellectual property rights owned by the company.
 - We will not improperly obtain, use, or infringe upon the intellectual property of any third party.
- **Strengthening Information Security and Confidential Information Management**
 - Personal information and confidential information of all stakeholders shall be obtained in a proper manner and strictly controlled, protected and used to the extent appropriate.

4.2 Risk management

- Suppliers shall adopt appropriate risk management mechanisms and preventive measures to avoid, to the extent possible, major incidents in environmental and labor management.
- In the event of a major incident, suppliers should inform Behn Meyer of relevant information and response measures in a timely manner.

4.3 Safe and Secure Products

- **Quality Assurance**
We provide quality assurance and continuously improve our product quality and operations whether direct or indirect.
- **Product Safety**
We will comply with laws, regulations, and safety standards related to product safety, and make every effort to provide safe products.

5. Labor and Human Rights

This section provides an introduction to our principles for responsible production and explains why they are important for both our and our suppliers' businesses. The principles are underpinned by detailed requirements. These are in line with the International Labour Organisation's (ILO) Fundamental Conventions (no forced labour, no child labour, freedom of association and no discrimination) and industry standards. Complying with these principles and requirements will protect human rights, as we explain in each case below. It will also help your business and ours by improving productivity, enhancing reputation, opening up opportunities and minimising risks.

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5.1 No child labour. Limitation of work by young workers

What is child labour?

A child is any person less than 15 years; except:

- a) where local law sets a higher minimum age for work; or
- b) where local law stipulates 14 years.

Child labour is any work by a child younger than the age specified above.

A young worker is any worker over the age of a child (as above) and under the age of 18.

Why is this important?

Child labour stops children going to school. Children that do not complete basic education are less likely to learn essential skills they will need as adults. This, together with the risks associated with the adult working environment, can harm a child's social, mental, psychological and physical development.

Young workers need protection from risks in the workplace. They should not be exposed to hazardous work which could harm their safety, health, or physical and mental development. They should not work at night and young workers in education should not be employed during school hours. Companies should facilitate young workers' education, to help them gain skills they need in adult working life.

5.2 No forced labour

What is forced labour?

Forced labour is work or service which a person has not undertaken voluntarily and / or is extracted under the threat of a penalty or as a means of repaying a debt. Forced labour includes:

- Bonded labour / debt bondage: labour demanded as a means of repaying a loan or interest on debt.
- Involuntary prison labour is labour by prisoners not performed voluntarily and for which they are not paid.

Why is this important?

Forced, bonded or involuntary labour is a violation of basic human rights. It results in workers facing poor working conditions, long hours, little or no pay, threats of violence, physical or mental abuse, restrictions on movement or access to food or land.

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5.3 A safe and healthy working environment

Why is this important?

Employers are responsible for ensuring workers are not exposed to working conditions and practices that threaten their health & safety and/or violate their basic human rights. This includes aspects such as access to drinking water.

Employers must also ensure they comply with relevant health & safety laws and minimise health & safety risks in the workplace. This is important for your business because it will help you recruit and retain good workers and improve productivity, as well as avoid penalties for breaking laws or regulations.

5.4 Freedom of Association and Right to Collective Bargaining

Why is this important?

Freedom of association, should workers want to associate, is a fundamental human right, which allows people, who feel the need to join together, to promote and defend their interests. In the workplace, the right of workers to negotiate with their employer collectively might be the necessary way to achieve decent conditions that are acceptable to employees. Collective bargaining can also help to protect individual workers from unfair treatment. Therefore, it should not be obstructed if this is the will of the workers.

Behn Meyer will always hold itself accountable to create the best conditions for its workers so that they do not feel the need to associate but will also never obstruct the possibility for them to associate if this is their will. We expect our suppliers to do the same.

5.5 No discrimination. Equal opportunities / rights

What is discrimination?

Discrimination means unfairly treating a worker. Discrimination can be based on many factors, including race, colour, language, caste, national origin, indigenous status, religion, disability, gender, marital status, sexual orientation, political affiliation, and age. It can occur across all work activities including hiring, remuneration and professional development.

Why is this important?

Discrimination violates a worker's human rights. It creates divisions within the workforce and dissatisfaction among workers. It exposes employers to risks of prosecution and damage to reputation.

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5.6 Reasonable terms and conditions of employment

Why is this important?

Everyone has the right to fair conditions of work and pay. This includes working hours, payment of wages and employment contract terms. Working conditions must also be free from harmful or inhumane treatment such as corporal punishment, bullying, harassment, mental or physical coercion. Employers who provide reasonable terms and conditions will find it easier to attract good workers and will meet local regulations.

6. Environment

What does 'Environment' cover?

'Environment' includes air, water, land, natural resources, animals, plants, humans and their interactions. It includes the immediate surroundings of the workplace but also locations further away that can be affected by your activities, especially through extraction of water and raw materials and any pollution from your site.

Why is this important?

All human activity relies on a healthy environment. We need plentiful supplies of clean air, water and other resources. Businesses need reliable sources of specific materials. A company's activities can have significant adverse impacts on the environment, including pollution of air, water and land, and emissions of greenhouse gases which contribute to climate change. Business activity can degrade the immediate environment and can affect local communities and wildlife.

Companies must comply with environmental laws and protect the environment to avoid prosecution and damage to their reputation.

- Suppliers shall formulate their environmental protection policies and adopt appropriate environmental management standards and systems to assess the environmental impact of their business operations, products and services.
- Suppliers shall implement environmental management measures to reduce the negative environmental impact of their business operations, products and services.

7. Sustainable procurement of natural materials

This section provides a brief overview of why ensuring sustainable procurement of natural raw materials is important. It also sets out our minimum standards for suppliers of natural raw materials for use in Behn Meyer's products and packaging.

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Why is sustainable procurement of natural materials important?

Extracting or harvesting natural raw materials can have significant impacts on the environment and communities. This includes deforestation and infringing the rights of indigenous peoples. Failure to source materials responsibly can damage your reputation, making it difficult to meet your customers' standards. It can also result in shortages and disruption to supplies of materials and products to customers. Natural raw materials that are used in products and packaging include paper, board, palm oil, sawdust, latex, leather and rubber etc. Our minimum standards for natural raw materials sourcing are set out below.

- Suppliers of natural raw materials and packaging materials comply with all applicable environmental, health & safety, labour and social laws and regulations (including applicable land tenure and use rights).
- Extracting or harvesting materials does not contribute to the deforestation of primary forest or High Conservation Value Forest.
- Extracting or harvesting materials protects biodiversity and ecological processes and minimises the use of fire for preparing land or waste disposal.
- Suppliers comply with our policy and can provide information on the sources of the materials they supply to Behn Meyer.

These requirements are set out in our product standard. Please check with your business associate if there are some additional requirements.

8. What you need to do

As a supplier to Behn Meyer, you need to:

- Read and acknowledge Behn Meyer's Supplier Code of Conduct, Sustainable Procurement Group Policy & this Guideline.
- Carry out an assessment of your business practices to ensure you meet the requirements set out in these documents.
- Complete Supplier Sustainability Performance Assessment if requested.
- Undertake an external audit if requested.
- Provide information on natural raw materials supplied if applicable and if requested.
- Promote these guidelines throughout your supply chain. We encourage and work with suppliers and subcontractors to ensure that they also strive to meet the principles of this guidelines or equivalent set of principles.

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Annex

These resources have further information on labour, health & safety and environmental issues, standards and management:

- International Labour Organisation
 - www.ilo.org/global/lang--en/index.htm
- UN Global Compact
 - www.unglobalcompact.org
- Global Social Compliance Programme
 - www.gscpnet.com
- UN Environmental Programme
 - www.unep.org
- World Resources Institute
 - www.wri.org
- Ethical Trade Initiative
 - www.ethicaltrade.org
- Children's Rights and Business Principles
(UNICEF, UN Global Compact & Save the Children)
 - www.unglobalcompact.org/Issues/human_rights/childrens_principles.html
- The Labour Principles of the UN Global Compact – A Guide for Business
(ILO & UN Global Compact)
 - www.ilo.org/empent/Publications/WCMS_101246/lang--en/index.htm
- Operational Procedures for Remediation of Child Labour in Industrial Contexts
(Impactt, 2008)
 - www.impacttlimited.com
- Occupational Health & Safety Assessment Series 18000
 - www.ohsas-18001-occupational-health-and-safety.com

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Behn Meyer Holding AG

Acknowledgement

I acknowledge that I have received Behn Meyer's Supplier Sustainability Guidelines.
I have read the principles and guidelines and agree to adhere to them.

Company

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Date:

27/10/2021

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