

**QUALITY  
MANAGEMENT  
SYSTEM**



**ISO 9001  
IATF 16949  
AQAP 2110  
ISO 26000  
ISO 14001  
ISO 45001**

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## **Suppliers Sustainability Manual**

### **Supplier Sustainability Strategy**

The Takoni Supplier Sustainability Manual explains how we expect our suppliers to implement these. Takoni sets high standards for business ethics, working conditions and environmental protection in all of its locations. Since a large portion of the value creation is through the supply base, we naturally have the same expectations of our suppliers as we have for ourselves. We need our business partners to share our commitment to corporate responsibility and not just in the development and manufacturing of products, but also in conducting their business.

Sustainability, social responsibility and compliance is inclusive of our Supplier Declaration. We incorporate corporate responsibility and sustainability topics in our supplier monitoring activities and quality audits carried out with potential, incumbent and active suppliers. We award business and continue to provide business to those Suppliers who commit to act fairly and with integrity, observe the applicable rules of law, support and respect internationally proclaimed human rights and demonstrable commitment to protecting the environment.

We largely determine the success of our Supplier Sustainability Program through our Suppliers' ability to conduct business in a way that recognizes workers' rights, as well as, the rights of others, secures a healthy and safe working environment for their workers and protects the environment. Accordingly, Takoni will promote self-assessment and capability-building initiatives, and expects Suppliers to take an active part therein. We promote an approach of shared commitment. We will work with our Suppliers in cases where they need to improve their performance; together, we will strive for continued improvement.

### **Business Partners**

The supplier must display the highest standards of integrity and ethics in its business dealings with Takoni. Accordingly, the supplier must have a Code of Conduct in place, which reflects the principles of our Supplier Declaration. Its highest management must endorse the supplier's Code of Conduct. Further, the supplier must make available the Code of Conduct to all owners and have in place a related mechanism for reporting issues. The supplier must train all of its employees on the principles of its Code of Conduct. Takoni has the right to require the supplier to present evidence of such training and to what extent the entire work force has received the training. Takoni may ask individual supplier employees whether they have participated in Code of Conduct training.

### **Contacts with business partners and customers**

Takoni is committed to honest behaviour in all dealings with business partners. The company is not allowed to offer clients, potential clients or their representatives any remuneration or benefits contrary to applicable law or reasonable and generally accepted business practices. Clients should be treated fairly and equitably with respect for their independence.

## **Compliance with Laws and Regulations**

The supplier shall ensure compliance with all applicable laws and regulations of the countries where it does business. Without making any exceptions to the obligations outlined in the proceeding sentence, this means that the supplier must have in place adequate compliance programs and policies. Further internal verification procedures shall be in

place to assure that the supplier will never:

- Take part in, induce to, or facilitate in cartels or other illegal anti-competitive cooperation;
- Report inaccurate financial data to Takoni or to the public (including without limitation to the authorities);
- Report inaccurate information to Takoni concerning production materials, finished goods, capital equipment, molds and tooling, samples and prototypes, repaired or returned products, and technical information related to the parts purchased by Takoni;
- Disclose trade secrets and confidential information of Takoni to unauthorized parties, or use such information for any other purpose than for which it was disclosed;
- Apply for registration for any intellectual property rights based on information received from Takoni;
- Incorporate any third party intellectual property rights in the parts manufactured, sold and supplied to Takoni without first having obtained approval therefore;

The above list is not exhaustive. Accordingly, the supplier must adopt a process to identify, monitor and understand applicable laws and regulations.

## **Improper payments, hospitality and gifts, and conflict of interest**

Takoni strictly prohibits its employees to make direct or indirect offers or promises of bribes, facilitation payments or other undue advantages in the purpose to obtain advantages in business. In addition, the supplier shall not take part in, influence, or attempt to influence any decision, which can give rise to any actual or perceived conflict of interest with Takoni. The supplier shall implement internal policies and guidelines that are no less strict than requirements of Takoni. The supplier shall in addition ensure that none of the following occurs in the business dealings with Takoni:

- Supplier does not directly or indirectly offer, promise, or accept bribes, facilitation payments or undue advantages on behalf of Takoni.
- Supplier does not directly or indirectly offer, promise, or accept bribes, facilitation payments or undue advantages to Takoni employees.

## **Human Rights and Labour Practices**

The supplier shall never employ children or forced labour. In addition, the supplier must uphold the human rights of workers, treat them with dignity, and respect as understood by the international community. This applies to all employees including temporary, migrant, student, contract, direct employees, and any other type of workers.

Consequently, the supplier shall award the following rights to all employees as a bare minimum:

- The employee shall freely choose all employment. This means that forced, bonded (including debt bonded), and indentured labour, involuntary prison labour, or slavery is prohibited. The supplier shall not use trafficking of persons. This includes transporting, harbouring, recruiting, transferring or receiving persons by means of threat, force, coercion, deception, abduction or fraud for labour or services. In addition, all work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to employees' identity or immigration documents, such as government-issued identification, passports or work permits, unless law requires the holding of work permits. The use of personal document retention shall never bind workers to employment or restrict their freedom of movement.
- The supplier shall not require employee to pay for obtaining or otherwise maintaining its employment. Thus, employees shall not be charged any fees or costs for recruitment, directly or indirectly, in whole or in part, including costs associated with travel, processing official documents and work visas in both home and host countries.
- The employee shall have the right to have the employment contract recorded in writing and provided in a language they understand. The employment contract shall clearly indicate their rights and responsibilities

with regard to wages, working hours and other working and employment conditions. Supplier shall provide employment contracts to migrant workers prior to deployment. The use of supplemental agreements and the practice of contract substitution (the replacement of an original contract or any of its provisions with those that are less favourable) are strictly prohibited.

- Supplier shall guarantee employees a salary pursuant to law and/or collective bargaining agreement. Accordingly, salary to employees shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Suppliers shall not permit deductions from wages as a disciplinary measure, unless permitted by law and/or collective bargaining agreement. Moreover, the employees shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed during the period to which to salary relates.
- Freedom of association. The supplier shall respect the right of all employees to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Additionally employees shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices, both without fear of discrimination, reprisal, intimidation or harassment.

The supplier shall further secure:

- That it does not employ children. Child labour is not to be used in any stage of manufacturing or otherwise in the supplier's business. The term "child" refers to any person under the age of 15, under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. For the avoidance of doubt, the use of legitimate workplace learning programs, which complies with all laws and regulations in that country, is however permissible.
- That it does not risk the health and safety of young employees (persons not deemed a child but younger than 18) or offer less favourable terms of employment. Young employees shall not perform work that is likely to jeopardize the health or safety, including night shifts and overtime. The supplier shall ensure proper management of young workers through accurate records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations. The supplier shall provide appropriate support and training to all young employees. In the absence of local law, the wage rate for young workers, students, interns and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.
- That it does not force its employees to work excessive hours. Employee strain leads to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, supplier shall allow employees at least one day off every seven days and a workweek should not be more than 40 hours per week, except in emergency, an unusual situation or as part of a legally recognized collective bargaining agreement. Supplier shall not make employees work overtime under the threat of penalty, dismissal, or denunciation to authorities. No worker shall be made to work overtime as a disciplinary measure.
- That it does not discriminate. The supplier shall at all times have anti-discrimination policies that provide equal employment opportunities regardless of worker or applicants race, color, age gender, sexual orientation, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union association, covered veteran status, marital status or other distinct characteristics. Medical testing or physical examination of any employee for purposes of discrimination shall not be permitted. Further Supplier should make reasonable accommodations for religious practice by workers. Policies shall be up to date with applicable legislation, and further continuously verify compliance with said policies. Such verifications shall be made available for Takoni upon request.

The supplier's overall treatment of its employees shall at all times be characterized by respect for the individual. Therefore, the supplier must ascertain that there is no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of its employees; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to the employees.

The supplier shall implement effective grievance procedure to ensure that any employee can submit a grievance (whistle blowing) without suffering any prejudice or retaliation of any kind.

## **Health & Safety Standards**

We base our health and safety requirements on national laws and ISO 4500/OHSAS18001. A safe and healthy work environment enhances productivity, employee morale, worker retention and the quality of products and services. Accordingly, we expect the supplier to provide and maintain a safe work place and take proactive measures to prevent occupational injuries and hazards. The supplier must agree to provide Takoni with records relating to health and safety programs, training and violations when requested. In addition, the supplier shall:

- Implement and maintain emergency response procedures. Potential emergencies and events need to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures which include emergency reporting, employee notification, evacuation procedures, worker training, drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment and property.
- Train its employees. The supplier shall provide the employees with appropriate workplace health and safety training in their primary language.
- Post health and safety related information such as emergency procedures and potential safety hazards within the facility in the primary language of the worker.
- Issue personal protective equipment. Employee's exposure to chemical, biological and physical agents shall be identified, evaluated, and controlled. Engineering or administrative controls must be used to control overexposures.

When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate personal protective equipment (PPE). Further employees shall be trained in proper use and limitations of use. PPE shall be replaced as often as is necessary.

- Identify risks and report concerns. The supplier shall identify the health and safety and labour practice risks associated with its operations. Risk assessment process shall determine the relative significance for each risk and implementation of appropriate procedural and physical controls to ensure regulatory compliance to control the identified risks. All areas should be included in a risk assessment for health and safety including plant and facilities, warehouse and storage facilities, support equipment, laboratories and test areas, sanitation facilities and bathrooms, kitchen/cafeteria and worker housing and dormitories. Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to employees. Employees exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.
- Install procedures and systems to prevent, manage, track and report occupational injury and illness including provisions to: encourage employee reporting; classify and record injury and illness cases; provide necessary medical treatment; investigate cases and implement corrective actions to eliminate their causes; and facilitate return of workers to work.

## **Protection of the natural environment**

Takoni strives to ensure that its products, services and production contribute to sustainable development. Therefore, the design process aims to reduce the negative impact on the environment during the product life cycle, while monitoring the consumption of raw materials and energy, and emissions of waste and pollutants in order to improve them.

The company adopts a proactive stance with respect to environmental legislation and obliges suppliers to adopt the same environmental protection rules as those implemented by Takoni.

## **Environmental Standards**

We base our environmental requirements on national laws and ISO 14001 Environmental Management System. We expect our Suppliers to establish an environmental management system that effectively manage risks, conserves natural resources and protects the environment. Related efforts should support reductions in energy use, water use, waste production, greenhouse gas emissions and air pollution. The supplier must agree to provide Takoni with records relating to environmental performance, training and violations when requested. In addition, the supplier shall:

- Secure environmental permits and reporting. All required environmental permits, approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.
- Employ a plan for pollution prevention and energy resource reduction. The use of resources and generation of waste of all types, including energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and the reuse of materials.
- Preserve water resource through assessment of water stress in operations and throughout the life cycle and by considering water management and sustainable use in operational planning.
- Identify hazardous substances. Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.

Reduce emissions and solid waste. The supplier shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous). Wastewater generated from operations, industrial processes and sanitation facilities are to be characterized, monitored, controlled and treated as required prior to discharge or disposal. In addition, measures should be implemented to reduce generation of wastewater.

The supplier shall conduct routine monitoring of the performance of its wastewater treatment systems. Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, routinely monitored, controlled and treated as required prior to discharge. The supplier shall conduct routine monitoring of the performance of its air emission control systems.

## Responsible Chemical Management

The supplier must adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including disclosure and labeling for the appropriate and safe use, proper handling, recycling and disposal. In addition, the supplier shall:

- Establish programs to collect data from material manufacturers for all components, identifying all substances that are in the final product.
- Collect data regarding all process chemicals and intermediates known as toxic or potentially toxic. Measure data completeness against Bill of Materials (BOMs) and identify data shortages; assure data is traceable to the material manufacturers.
- Verify data is current and complete against product safety and regulatory requirements. Have in place Initiate appropriate changes to achieve compliance and reduce risks.
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## Conflict Minerals

Suppliers shall have a policy to reasonably assure that the Tantalum, Tin, Tungsten and Gold (3TG) in the products they manufacture do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo, an adjoining country or other known area of conflict. Suppliers shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to Takoni upon request.

All suppliers understand and conform to expectations outlined in our Conflict Minerals Position Statement. Suppliers acting contrary to our position regarding Conflict Minerals must commit to implement a corrective action plan with a reasonable timeline.

## Diversity, Equity, and Inclusion

Takoni embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political

affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

Takoni's diversity initiatives are applicable—but not limited—to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Recognition of each employee as an individual with unique backgrounds and lived experiences.
- Work/life balance through work schedules to accommodate employees' varying needs.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for diversity.

### **Corrective Action relating to reported violations**

Where breaches of the Supplier Declaration are brought to the attention of Takoni, the supplier shall prepare an action plan outlining the remedial actions it will take to rectify the breach. Where appropriate, Takoni may conduct audits, in particular to substantiate specific supplier-related allegations concerning practices that may violate the Supplier Declaration. If it is proven that the supplier has violated the Supplier Declaration, the supplier shall compensate Takoni for all costs, losses and liabilities incurred as a result thereof (including without limitation audits conducted by third parties).

**This Manual has been adopted by the Takoni Management Board and only the Management Board may amend or withdraw from it.**