



Supplier Code of Conduct

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1. Purpose:

KMG International is committed to the highest standards of social and environmental responsibility and ethical conduct. This Supplier Code of Conduct has been developed by KMG International for the purpose of ensuring that the KMG International and all its subsidiaries (herein after named Company) suppliers are in full compliance with all applicable national and international laws and regulations on protecting human rights, safe working conditions, promoting fair employment conditions, responsible management of environmental issues and high ethical standards.

The Company requires that its suppliers and their subcontractors to comply with the Supplier Code of Conduct and to verify compliance by providing information and allowing access to their premises.

The Company supports the United Nations Global Compact initiative. In order to make this commitment clear to employees, suppliers, customers and other stakeholders, the Supplier Code of Conduct is based on the Global Compact's principles and shall be publicly available.

2. Application:

The Supplier Code of Conduct is applicable to any party that contributes to the products, services and other business activities ("Supplier").

The Supplier Code of Conduct shall be applied to Company's suppliers throughout the contractual agreement. Any violations of this Code may jeopardize the supplier's business relationship with KMG International, up to and including termination.

3. Supplier Code of Conduct:

Working with a strong sense of integrity is critical to maintaining trust and credibility with suppliers and subcontractors. Therefore, this Supplier Code of Conduct is a guiding framework for all suppliers.

The Company expects all potential and current suppliers to share a commitment to the highest level of integrity and ethics in the conduct of business and to assume responsibility for services, products and all data communicated to the Company in order to support Company's strong ethical reputation as a trusted partner to its stakeholders.

3.1. Human Rights

The Company respects all internationally proclaimed human rights and the principles concerning fundamental rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. We and our suppliers shall strive to ensure that we are not complicit in human rights abuses. We and our suppliers shall always honor the principles of internationally recognized human rights.

3.2. Labor Standards

Forced labor avoidance – Forced, bonded or compulsory labor shall not be used and employees shall be free to leave their employment after the notice required by applicable law or contract. Employees shall not be required to lodge deposits of money or identity papers with their employer.

Fair employment conditions – Employees shall understand their employment conditions. Pay and terms shall be fair and reasonable, and comply at a minimum with applicable laws or industry standards, whichever is higher. Working hours shall comply with applicable laws. Corporal punishment, physical or verbal abuse or other unlawful harassment and any threats or other forms of intimidation shall be prohibited.

Fair working conditions – A healthy and safe working environment and, if applicable, housing facilities shall be provided for employees, in accordance with international standards and national laws.

Appropriate health and safety information and training shall be provided to employees including, but not limited to, arrangements for safe evacuations of buildings and correct handling and making of chemicals and machinery.

Elimination of discrimination – All employees shall be treated with respect and dignity. All kinds of discrimination based on partiality or prejudice is prohibited, such as discrimination based on race, color, gender, sexual orientation, marital status, pregnancy, parental status, religion, political opinion, nationality, ethnic background, social origin, social status, indigenous status, disability, age, union membership and any other characteristic protected by local law, as applicable. Employees with the same qualifications, experience and performance shall receive equal pay for equal work with respect to those performing the same jobs under similar working conditions.

Child labor avoidance – No person shall be employed who is below the minimum legal age for employment. Minimum age is the age of completion of compulsory schooling, or not less than 15 years or not less than 14 years, in countries where educational facilities are insufficiently developed. Children shall not be employed for any hazardous work, or work

that is inconsistent with the child's personal development. A child means a person below the age of 18 years. Personal development includes a child's health or physical, mental, spiritual, moral or social development. Where a child is employed, the best interests of the child shall be the primary consideration.

3.3. Health & Safety

The health, safety and well-being of employees are important to KMG International. Suppliers shall provide and maintain a safe work environment and integrate sound health and safety management practices into its business. Workers shall have the right to refuse unsafe work and to report unhealthy working conditions.

Training - All employees shall be given appropriate health and safety, evacuation and fire training. Evacuation training means that all employees shall know what to do and where to go when evacuation is needed, as well as where they can get more information about such situations.

Noise and Air quality - There shall be monitored and measured conditions in critical places and during different situations. Noise levels and air quality in the employees' working environment and outside the facility shall meet legislative requirements. Suppliers shall identify, monitor, control, and reduce air emissions emanating from its operations that pose a hazard to the environment. Supplier shall conduct routine monitoring of the performance of its air emission control systems. Special attention at locations where chemicals are handled. High noise levels, handling of known harmful chemicals or bad odors may indicate a need for measurements.

Handling of chemicals - Chemicals must be handled responsibly and according to legal requirements. Procedures shall for example include the use of Material Safety Data Sheets or Safety Data Sheets. These shall also describe how to transport, store and handle chemicals and how to train employees in the handling, usage and storage of these chemicals. In addition, chemical wastes shall be handled and disposed of correctly, respecting legal requirements regarding transport, environmental protection and personal protection.

Personnel Protective Equipment (PPE) - It must be determined and communicated what personal protective equipment is required for different tasks and working locations. Such PPE shall be made available free of charge to all concerned employees.

Incidents and accidents - All accidents and incidents shall be documented and reported and it shall be analyzed the root cause of why an accident occurred and determine what actions to take to reduce the risk of such an accident reoccurring. There shall be followed the rules related to using lifts, microclimate, prevention of fall from height risks and on the same floor, prevention of risks of striking caused by objects falling, prevention of risks of cutting/pricking, use of laser printers and Xerox machines, use of computers, prevention of risks of electrocution, prevention of fire risks, rules for emergencies and rules of behavior in case of earthquakes.



3.4. Environment

KMG International is committed to protecting the environment, and environmental responsibility is at the core of how we operate.

Company suppliers shall comply with environmental policies, local safety, security and environmental regulations where they operate and to bring local environmental protection standards up to international industry standards.

Suppliers shall also attach special importance to maintaining biodiversity. They shall take responsibility for the protection of biodiversity in the fields in which they currently operate and will carry on doing so in any future projects.

Company suppliers' experience and the technologies they employ in production and processing shall be designed to control and reduce undesirable effects on the environment. Modern soil protection and water conservation in production processes, safe production, storage and transport of Company suppliers' products and updated management of waste and wastewater shall be standard practice in organization.

3.5. Environment Management System (EMS)

Company suppliers shall have an EMS compliant with ISO 14001 or a similar standard. It is not necessary for a supplier to have a certified EMS however the supplier shall have an EMS implemented and the relevant documentation should be approved by management.

The suppliers shall identify the areas in which they have a major environmental impact – the “significant environmental aspects”. Some of these areas may be risks – undesired events which, if they may occur have environmental consequences. The supplier shall have a process to identify, prioritize and mitigate the significant environmental risks and other aspects associated within its operations and activities. This assessment shall be documented and a base for its environmental activities.

The supplier shall have a documented environmental policy which is approved by the board of directors or by the general manager. The policy shall have a connection between supplier's environmental risk assessment and objectives. The supplier shall have a responsible person (“management representative”) appointed to ensure that environmental legal requirements are fulfilled.

The supplier shall have an implemented system to ensure access to applicable environmental laws and regulations and to identify the laws that are applicable to its operations. The supplier shall document environmental objectives. These shall be approved by management team and shall be treated like any other company objectives. These objectives shall be derived from supplier's environmental risk assessment and be instrumental in reducing company's environmental impact.

The supplier shall communicate relevant environmental requirements to its contractors and subcontractors, and follow up their performance. The supplier shall also provide environmental training program for its employees as needed.

Material declaration - The supplier shall be aware and respect European directives such as The Restriction of Hazardous Substances Directive (or RoHS) and The Waste Electrical and Electronic Equipment Directive (or WEEE) whenever it is applicable.

Transportation of Goods - The supplier shall respect the environmental laws of the transportation of goods to the Company and shall consider environmental factors when selecting method of transportation.

3.6. Anti-corruption

Company suppliers shall refuse to offer, pay or accept bribes (bribes are payments and other benefits made to effect wrongful acts or failures to act); Pay remunerations exclusively for legitimate services; Permit gifts, hospitality and similar payments only within the limits of generally accepted business practice; Demonstrably relate commissions and payments to third parties to legitimate business expenses, linked to the services rendered and to account for them openly;

3.7. Business Compliance & Ethics

KMG International expects the highest standards of ethical conduct in all our endeavors. Suppliers shall always be ethical in every aspect of its business, including relationships, practices, sourcing, and operations.

Business Behavior – Suppliers shall provide good quality of goods and clear communication. Unforeseen events shall be treated in the agreed contract time and proactively. The clarifications shall be done in time with professionalism. Acceptance documents shall be correct prepared and promptly delivered.

Disclosure of Information – Suppliers shall accurately record information regarding its business activities, labor, health and safety, and environmental practices and shall disclose such information, without falsification or misrepresentation, to all appropriate parties.

Business Integrity – Suppliers shall not engage in corruption, bribery to obtain unfair or improper advantages. Suppliers shall abide by all applicable anti-corruption laws.

Community Engagement – Suppliers are encouraged to help foster social and economic development and contribute to the sustainability of the communities in which it operates.

3.8. Personnel

The supplier shall not directly and/or indirectly solicit the services of any of our employees, agents or representatives directly involved in the negotiation and/or conduct of the Contract without our prior written consent during the term of the Contract signed with us or for the period of twelve months after the termination of the respective Contract.

4. Supplier Compliance:

4.1. Compliance

The Company requires the supplier and its subcontractors to comply with the Supplier Code of Conduct, or equivalent standards which may request higher standards than required by applicable laws.

Upon request, a Supplier must provide information and/or allow access to its premises to Company's representatives, in order to be verified that the Supplier and its subcontractors comply with the Supplier Code of Conduct.

The Company suppliers will comply with all relevant laws, regulations and standards in all of the countries in which KMG International and its suppliers operate.

4.2. Obligation to inform

It is the responsibility of the supplier to ensure that its employees and subcontractors are informed about and comply with the Supplier Code of Conduct. The supplier shall inform the Company if it discovers a breach of the Supplier Code of Conduct in their own operations that may impact the products and services provided to The Company.

5. Distribution

Supplier Code of Conduct shall be sent to each potential supplier during Pre-qualification process and the suppliers shall confirm by signing the prequalification form submitted that they aware and respect Supplier Code of Conduct. In addition, Supplier Code of Conduct shall be deemed in any other necessary occasions.