



ARVOS POLICY

SOURCING
MARCH 2017

SOURCING POLICY

SUSTAINABILITY

ARVOS commits to a policy of socially, environmentally and ethically sustainable sourcing

WE DEDICATE OURSELVES TO

- Limiting risks in the sourcing process.
- Eliminate irresponsible conduct by any of the players in the supply chain
- Encouraging our Suppliers to progress

WE FOLLOW THE APPROACH OF

- Standardizing sourcing processes
- Measuring and improving performance
- Supporting our Suppliers in creating value

David Breckinridge

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President, Ljungström

Karsten Stückrath

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President, Schmidtsche Schack

Brent Beachy

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President, Raymond Bartlett Snow

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1. APPLICABILITY

The sourcing policy is valid for all ARVOS Group Suppliers who must respect its principles as part of the General Purchasing Terms and Conditions of any contract between any ARVOS entity and a Supplier. ARVOS's Suppliers and Contractors should at least be compliant with the United Nations' Universal Declaration of Human Rights, the International Labor Organization's Fundamental Conventions, the Guiding Principles of the Organization for Economic Cooperation and Development (OECD), the rules of conduct of the International Chamber of Commerce (I CC) and any other relevant international convention and national and local regulations, which are applicable to their activities in the country(ies) in which they operate. If the principles promoted by ARVOS in this Policy are more demanding, these will take precedence.

2. LABOR

ARVOS's Suppliers and Contractors shall in particular comply with the following:

- Elimination of all forms of illegal, forced or compulsory labor, including direct or indirect use of labor generated by human trafficking
- Elimination of child labor: Suppliers and Contractors shall not employ persons not having reached the minimum age required for work and shall never support the use of child labor, except as part of an official government approved educational youth training scheme
- Elimination of discrimination of any kind in respect of employment and occupation
- Compliance with applicable laws and regulations related to maximum working hours and minimum days of rest
- Compliance with applicable laws and regulations related to the minimum level of wage
- Respect for freedom of association for their employees, in compliance with applicable laws
- Compliance with applicable laws and regulations related to layoff.

3. ETHICAL COMPLIANCE

ARVOS' Suppliers and Contractors shall strictly comply with all applicable legal requirements related to their activities and business environment and with ARVOS' commitments to international conventions, specifically:

- Competition: compliance with all applicable laws and regulations related to fair competition
- Corruption: compliance with all applicable laws and regulations on corruption, bribery and extortion
- ARVOS' Suppliers and Contractors must not offer directly or indirectly, any pecuniary or other advantage to ARVOS employees, a public official, a political party, an employee or agent of a customer in the public or private sectors, with a view to obtaining or retaining business or favor that infringes regulations
- Money laundering: compliance with all applicable laws related to money laundering. ARVOS' Suppliers and Contractors shall not be involved in, or support money laundering practices
- Conflict Minerals: compliance with all applicable laws and regulations related to conflict minerals (e.g. US Conflict Minerals Rule pursuant to the Dodd-Frank Act., EU Conflict Minerals Regulation etc.)

- Conflicts of interest: avoidance, identification and disclosure of situations where there is an actual or potential conflict of interest with ARVOS employees or their relatives that could adversely affect their business actions or decisions
- Gifts and hospitality: refraining from offering gifts and hospitality to ARVOS' employees. ARVOS will refuse all gifts and hospitality that are not of reasonable, modest and symbolic value.

4. ENVIRONMENT, HEALTH & SAFETY

ARVOS' Suppliers and Contractors must

- implement and/or pursue initiatives that contribute to the preservation of the environment and mitigation of their impact on natural resources to the maximum possible extent
- limit the amount of waste material generated from their operations
- ensure the disposal of such waste in a manner that is respectful to the environment
- avoid the use of toxic substances wherever possible and otherwise minimize the use of toxic substances and ensure their safe handling and disposal
- comply strictly with all applicable law in relation to any other hazardous substances, elements or wastes that are restricted,
- promote the development of environment friendly technologies, energy saving and recycling solutions, and logistics strategies minimizing environmental impact
- ensure that their activities are safe for the health of their employees, their own contractors, the local community and the users of their products
- take appropriate measures to limit and avoid such risks
- avoid substances dangerous to their employees' health and safety, such as Carcinogenic, Mutagenic and toxic to Reproduction (CMR) substances
- immediately notify ARVOS of the existence of any abnormal situation observed to the relevant ARVOS representative at the affected location
- at all times comply with the ARVOS EHS policy when conducting business with any ARVOS Group entity.

5. DEVELOPMENT OF PRODUCTS AND SERVICES

ARVOS's Suppliers and Contractors shall

- integrate environmental, health and safety criteria into the development of their products and services
- maintain and/or improve the quality of usage of their products
- never use asbestos in any equipment and packaging supplied
- propose eco-designed, environmentally friendly and socially responsible products and services.

6. CONTINUOUS IMPROVEMENT

ARVOS requires its Suppliers and Contractors to cascade the ARVOS Sourcing Policy to their own suppliers and contractors and to implement a similar continuous improvement and compliance approach.

Each Supplier and Contractor of ARVOS accepts to be assessed or audited by ARVOS or by a third party mandated by ARVOS on the above-mentioned principles. ARVOS may support its Suppliers and Contractors in the definition and implementation of action plans aimed at improving their performance.