



DOCUMENT NUMBER

NASCOC15-01.00

AEES Inc. Supplier Code of Conduct and Purchasing Policy

Effective January 1, 2015 this release replaces all previous editions. Please destroy all the previous versions of this document.

1.0 PURPOSE

AEES Inc. (“AEES”) has set high standards for its suppliers to ensure that they treat their workers and employees fairly and with dignity and respect, maintain safe working conditions, and conduct business and manufacturing activities in an environmentally safe and responsible manner. The AEES Code of Conduct for Suppliers (the “Code”) defines the expectations of all current and future suppliers, subcontractors and contract manufacturers who supply components, materials and services used to manufacture AEES products or to otherwise provide support services (“Suppliers”).

2.0 SCOPE

All Suppliers are expected to comply with the Code in all their business dealings. Where a Supplier uses a subcontractor (or makes use of a temporary labor agency), the expectation is that the Supplier has issued the Code to the subcontractor and that the subcontractor also complies with the Code.

Failure to comply with the Code will be sufficient grounds for AEES to terminate its contract with the Supplier and may result in its removal from AEES’s Approved Supplier List (ASL).

3.0 REFERENCE DOCUMENTS

- PKC Group’s Code of Conduct
- PKC Group’s “Business Conduct”
- PKC Group’s “Principles and Values”
- PKC Group’s “Environmental Health and Safety”
- AEES Supplier Quality Manual
- AEES Conflict Minerals Statement
- AEES Code of Conduct for Suppliers Certification Form
- AEES C-TPAT Acknowledgement Form
- PKC Group Corporate Responsibility Report

4.0 DEFINITIONS

4.1 BONDED

Refers to workers forced to work for an employer for a fixed time without being paid, often as a way of paying a debt.

4.2 CHILD LABOR

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.

4.3 COMPANY

The entirety of any organization or business entity responsible for implementing the requirements of the Code, including all personnel employed by the company.

Issue Date: January 1, 2015	Revised Date:	Page 2 of 11
Originator: Jesus Cano Purchasing Specialist	Approved by: Rhonda Moen-Sallman Director of Procurement – North America	

4.4 FORCED AND COMPULSORY LABOR

All work or service that a person has not offered to do voluntarily and is made to do under the threat of punishment or retaliation, or is demanded as a means of repayment or debt.

4.5 INDENTURED LABOR

A worker under contract to work (for a specified amount of time) for another person, often without any pay, but in exchange for accommodation, food, other essentials and/or free passage to a new country.

4.6 MANAGEMENT REPRESENTATIVE

A member of senior management personnel appointed by the company to ensure that the requirements of the standard are met.

4.7 PERSONEL

All individual men and women directly employed or contracted by a company, including directors, executives, managers, supervisors, and workers.

4.8 PRISON LABOR

Work that is performed by convicts in a prison. Prison labor is considered as unfree labor.

4.9 SUPPLIER / SUBCONTRACTOR

An organization that provides AEES with the goods and/or services integral to and utilized in or for the production of the company's goods and/or services. This includes organizations providing contract labor.

4.10 WORKER

All non-management personnel.

4.11 WHISTLEBLOWER

Any person who make a disclosure about alleged improper conduct by any employee or officer of a company, or by a public official or official body.

4.12 YOUNG WORKERS

Any person older than the applicable legal minimum age for employment buy are younger than 18 years of age. This also known as juvenile workers.

5.0 REQUIREMENTS

All suppliers of AEES shall comply with all applicable legal requirements and, where appropriate, conform to additional requirements specified by AEES customers. If the requirements in this standard are more prescriptive (more strict) than local laws then these requirements should be followed.

AEES expects its Suppliers to communicate the Code to their employees and their own suppliers, and for their employees and suppliers to adhere them.

Issue Date: January 1, 2015	Revised Date:	Page 3 of 11
Originator: Jesus Cano Purchasing Specialist	Approved by: Rhonda Moen-Sallman Director of Procument – North America	

Suppliers shall be familiar with, and conform to, the additional requirements outlined in the PKC Group’s Code of Conduct located at www.pkcgroup.com.

5.1 LABOR AND HUMAN RIGHTS

Supplier shall uphold the human rights of workers and treat them with dignity and respect.

5.1.1 FREELY CHOSEN EMPLOYMENT

Suppliers shall not use forced, bonded, indentured labor or involuntary prison labor. Slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting or transferring or receiving vulnerable persons by means of threat, force coercion, abduction or fraud for the purpose of exploitation. All work will be voluntary and all workers will be free to leave upon reasonable notice. Workers will not be required to hand over government-issued identification, passports or work permits as a condition of employment except to the extent that a Supplier needs brief access to such documents in order to comply with applicable laws. Supplier shall not withhold workers’ original government-issued identification and travel documents.

Suppliers shall ensure that third party agencies providing workers to the Supplier are compliant with the provisions of the Code and the laws of the sending and receiving countries, whichever is more stringent in protecting workers. Suppliers shall ensure that contracts for both direct and contract workers clearly convey the conditions of employment in the language understood by the worker. Where workers are required to pay fees in connection with obtaining employment, Suppliers shall be responsible for payment of all fees and expenses in excess of the amount of one month of the workers’ anticipated wages. Such fees and expenses include, but are not limited to, expenses associated with recruitment, processing or placement of both direct and contract workers.

5.1.2 CHILD LABOR AVODIANCE

Suppliers are not permitted to employ or use child labor for any purpose. The term “child” refers to any person under the age for completing compulsory education, under the minimum age for employment in the country, under the age of 15, whichever is greatest. Workers shall be hired only after they have presented legitimate proof of age which meets local age qualification laws. Supplier may provide legitimate workplace apprenticeship programs for educational benefit that are consistent with Article 6 of ILO Minimum Age Convention No. 138 or light work consistent with Article 7 of ILO Minimum Age Convention No. 138. In compliance with local laws, workers under the age of 18 should not perform hazardous work and may be restricted from night work consideration given to educational needs.

5.1.3 WORKING HOURS

Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.

5.1.4 WAGES AND BENEFITS

Compensation and benefits provided to workers shall comply with all applicable laws and regulations, including those relating to minimum wages, overtime hours and any legally

Issue Date: January 1, 2015	Revised Date:	Page 4 of 11
Originator: Jesus Cano Purchasing Specialist	Approved by: Rhonda Moen-Sallman Director of Procurement – North America	

mandated benefits. Supplier shall pay accurate wages in a timely manner, and wage deductions shall not be used as a disciplinary measure. The basis on which workers are paid is to be clearly conveyed to them in a timely manner by a pay stub or similar documentation.

5.1.5 HUMANE TREATMENT

Suppliers shall not engage in harsh or inhumane treatment of its workforce. This includes sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of employees, as well as any threats or acts of violence, all of which are strictly prohibited and not tolerated. Disciplinary actions shall be in compliance with local laws and shall be free from unlawful financial deductions.

5.1.6 NON-DISCRIMINATION

Suppliers shall maintain a workforce free of harassment and discrimination. AEES prohibits and does not tolerate unlawful discrimination based on race, color, age, gender, gender identity, sexual orientation, ethnicity, disability, religion, political affiliation, veteran status, marital status or any other protected category in hiring and employment practices such as promotions, rewards, and access to training. In additions, workers are not to be subjected to medical/pregnancy tests for the purposes of unlawfully discriminating against such an individual.

5.1.7 FREEDOM OF ASSOCIATION

Suppliers shall respect the rights of workers to associate freely, join or not join labor unions, seek representation, join worker councils, in accordance with local laws. In the absence of formal representation, Supplier shall ensure that workers have a mechanism to report grievances and that facilitates open communication between management and workers. Suppliers shall maintain open channels of communication with their workforce and shall train workers on how they can make formal grievances and requests for redress. Workers shall be free to communicate openly with management regarding work place issues without fear of reprisal, intimidation or harassment.

5.2 ENVIRONMENTAL, HEALTH AND SAFETY (EH&S) MANAGEMENT

Suppliers shall integrate sound environmental, health and safety management practices into all aspects of business. Suppliers shall conform to the AEES’s Global Environmental, Health and Safety (EH&S) Policy.

5.2.1 OCCUPATIONAL HEALTH AND SAFETY

Suppliers shall integrate sound health and safety management practices into all aspects of business. Suppliers shall comply with applicable legal regulations and implement and continually improved environmental, health and safety (EH&S) performance.

Worker exposure to potential health and safety hazards shall be controlled through proper design, engineering and administrative controls, preventative maintenance, safe work procedures, and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well maintained, personal protective equipment (PPE). Workers shall not be disciplined for raising health or safety concerns.

Emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedure, including emergency reporting, employees notification and evacuation procedures, worker training and drills appropriate fire detection and suppression equipment, site evacuation and recovery plans.

Procedures and systems shall be in place to prevent, manage, track and report occupational injury and illness, including provisions to encourage worker reporting, classify and record injury and illness cases, provide necessary medical treatment, investigate cases and implement corrective actions to eliminate their causes and facilitate the return of employees to work.

Sites with on-site dormitory and canteens shall ensure employees are provided with ready access to clean toilets, potable water, and sanitary food preparations, storage, and eating sites. Worker dormitories shall be clean and safe, provided with appropriate emergency egress, hot water for bathing and showering, and adequate heat and ventilation and reasonable personal space along with reasonable entry and exit privileges.

Employees shall be provided with appropriate health and safety information and training. Health and safety related information shall be clearly posted in the facility. Employees shall be encouraged to initiate and participate in safety committees to enhance and continually improve the working environment.

5.2.2 ENVIRONMENT IMPACT

Suppliers shall comply with applicable legal regulations and continually improve environmental, health and safety (EH&S) performance. This includes, but is not limited to areas such as, environmental permitting and reporting, hazardous substance management and control, wastewater/stormwater management, solid and hazardous waste management and disposal, and air emission management. Suppliers shall reduce or eliminate emissions and discharges through pollution prevention activities.

5.2.3 PRODUCT COMPLIANCE

Suppliers shall ensure they comply with all laws and regulations that restrict or prohibit the use of certain chemical compounds as constituents of products. Suppliers must comply with all national laws and regulations regarding the labeling, recycling and disposal of chemicals and materials, especially those materials designated as hazardous waste. Furthermore, all AEES Suppliers are required to review and comply with the AEES Inc. Supplier Quality Manual located on the AEES website: www.aeesinc.com.

Issue Date: January 1, 2015	Revised Date:	Page 6 of 11
Originator: Jesus Cano Purchasing Specialist	Approved by: Rhonda Moen-Sallman Director of Procurement – North America	

5.2.4 RESPONSIBLE SOURCING OF MINERALS AND SECURITY PROCEDURES

In response to violence and human rights violations in the mining of certain minerals from the “Conflict Region”, which is situated in the eastern portion of the Democratic Republic of the Congo (DRC) and surrounding countries, the U.S. Securities and Exchange Commission (SEC) has adopted rules to implement reporting and disclosure requirements related to “conflict minerals,” as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The rules require manufacturers who file certain reports with the SEC to disclose whether the products they manufacture or contract to manufacture contain “conflict minerals” that are “necessary to the functionality or production” of those products.

The definition of “conflict minerals” refers to gold, as well as tin, tantalum, and tungsten, the derivatives of cassiterite, columbite-tantalite, and wolframite, regardless of where they are sourced, processed or sold. The U.S. Secretary of State may designate other minerals in the future. We support the humanitarian goal of ending violent conflict in the DRC and adjoining countries. Countries that adjoin the DRC are Angola, Burundi, Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia.

We are committed to the responsible sourcing of “conflict minerals” throughout our supply chain and to continuing to comply with the underlying SEC rules and regulations surrounding “conflict minerals”.

To the extent that Supplier transports goods for AEES into the United States, Supplier shall comply with the C-TPAT (Customs-Trade Partnership Against Terrorism) security procedures on the U.S. Customs website at www.cbp.gov (or other website established for such purpose by the U.S. government).

5.3 ETHICS

AEES expects its Suppliers to be committed to the highest standards of ethical business conduct in all their business dealings.

5.3.1 CONFLICT OF INTEREST

AEES expects business decisions to be made in the best interest of the company. Any situation that creates or appears to create a conflict between personal interest and the interests of AEES must be avoided. A conflict of interest may arise when doing business with an organization that employs or is partially or fully owned by an AEES employee or an employee’s family members or close personal friends. Suppliers are expected to disclose actual or potential conflicts of interest to AEES.

5.3.2 NO IMPROPER ADVANTAGE

AEES strictly abides by all anti-bribery and corruption laws, including the U.S. Foreign Corrupt Practices Act and U.K. Bribery Act, and expects Suppliers to act in a similar manner. Suppliers may not pay bribes or engage in unfair business practices in order to advance AEES’s business interest. This includes, directly or indirectly, offering, promising to pay or authorizing the payment of anything of value to foreign government

Issue Date: January 1, 2015	Revised Date:	Page 7 of 11
Originator: Jesus Cano Purchasing Specialist	Approved by: Rhonda Moen-Sallman Director of Procurement – North America	

officials as defined by the FCPA or offering or soliciting (and receiving) a bribery from a non-foreign official in a commercial setting in an effort to influence any business decision that would assist AEES in obtaining or retaining business, or securing any improper business advantage.

5.3.3 GIFTS AND ENTERTAINMENT

Gifts and entertainment are not needed in order to conduct business with AEES, and may lead or appear to lead to a conflict of interest. In many industries and countries, gifts and entertainment are used to strengthen business relationships. Throughout the world, one principle is common and clear: No gift or entertainment should be provided or accepted if it will obligate or appear to obligate the recipient.

Gifts and entertainment may be provided if they are reasonable complements to business relationships, or of modest value, and, in any event, not against the law or AEES’s Code of Business Conduct and Ethics. AEES employees may not accept gifts and entertainment valued at more than \$250 (USD). Some AEES business entities may have a more stringent policy regarding accepting gifts and entertainment. In the case, AEES expects its Suppliers to comply with the more stringent policy. AEES expressly prohibits the following situations for AEES employees:

- Requesting or soliciting personal gifts, entertainment, or services.
- Accepting any gift or entertainment that would be illegal or result in violation of the law.
- Accepting any gift of cash or cash equivalents (such as gift certificates, loans, stock options).
- Accepting anything offered as “quid pro quo” or as part of any agreement to do anything in return for the gift or entertainment.
- Accepting bribes or kickbacks.

5.3.4 DISCLOSURE OF INFORMATION, PROTECTION OF IDENTITY AND PRIVACY

Suppliers are expected to safeguard AEES’s confidential information by keeping it secure, limiting access to those who have a need to know in order to do their job, and avoiding discussion of confidential information in public areas, for example on planes, in elevators and on mobile phones. AEES’s confidential information may not be disclosed to unauthorized third parties without the express prior written consent of the appropriate AEES employee. Examples of confidential information include intellectual property, financial information, business plans and processes, contract, customer information, employment and personnel records, identities of whistleblowers and related investigations, and any other information marked or generally regarded as confidential. The obligation to preserve AEES's confidential information may be ongoing, even after the business relationship ends. AEES will respect and safeguard the confidential information of its Suppliers.

Supplier 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 AEES upon request and to all appropriate parties when required to do so.

Issue Date: January 1, 2015	Revised Date:	Page 8 of 11
Originator: Jesus Cano Purchasing Specialist	Approved by: Rhonda Moen-Sallman Director of Procurement – North America	

5.3.5 FAIR BUSINESS, ADVERTISING AND COMPETITION

AEES believes in free and open competition, and strictly abides by all applicable fair competition and antitrust laws in the many countries where AEES conducts business. Suppliers are expected to comply with all applicable laws and regulations regarding fair competition, advertising and antitrust.

5.3.6 ACCURATE BUSINESS RECORDS

Suppliers are expected to record and report information accurately and honestly. Suppliers are expected not to hide, fail to record, or make false entries in connection with any business records. All records, including financial and operational records, are expected to accurately reflect transactions, payments and events.

5.3.7 OTHER LEGAL REQUIREMENTS

Suppliers are expected to comply with all applicable laws, including local, state, provincial, and national laws, codes, rules and regulations as well as all applicable treaties, not otherwise set forth in AEES’s Code of Conduct for Suppliers.

5.3.8 MONITORING AND COMPLIANCE

Supplier shall perform periodic evaluations of its facilities and operations, and the facilities and operations of its subcontractors and next-tier suppliers to ensure compliance with this Code and the law. Suppliers are expected to notify AEES immediately if they become aware of any non-compliant practices by themselves, their employees and their own suppliers under the Code. Suppliers are further expected to promptly develop and implement plans or programs to correct any such practices. Suppliers should also be aware of the fact AEES engages in various monitoring activities to confirm compliance with the Code including conducting its own and independent third-party site inspections and audits.

5.3.9 QUESTIONS OR CONCERNS

AEES strongly encourages any Supplier who feels pressured by a AEES employee or another Supplier to violate the Code to promptly raise report that concern to AEES by contacting AEES Inc. Compliance Line at 1-888-972-8799.

5.4 MANAGEMENT SYSTEMS

Suppliers shall adopt or establish a management system designed to ensure conformance with the Code and compliance with applicable laws and regulations and mitigate related operational risks, and facilitate continual improvement.

6.0 IMPLEMENTATION

Each supplier shall establish procedures for ensuring conformance with these terms. As part of its supplier review, Suppliers shall certify conformance to this standard by providing a signed **AEES Code of Conduct for Supplier Certification Form** to their AEES purchasing representative.

As part of its supplier audit program, AEES may also request to inspect supplier facilities. In the event that major non-compliances this Code are discovered and are not rectified by the Supplier within appropriate timeframes specified by AEES, AEES reserves the right to remove the supplier from its Approved Vendor List (AVL).

Issue Date: January 1, 2015	Revised Date:	Page 9 of 11
Originator: Jesus Cano Purchasing Specialist	Approved by: Rhonda Moen-Sallman Director of Procurement – North America	

Supplier shall develop and maintain management and worker training programs to facilitate proper implementation of its policies and procedures and to fulfill Supplier’s continuous improvement objectives. Supplier shall have a process for communicating clear and accurate information about its performance, practices, policies, and expectations to its workers, next-tier supplier(s), and customers. Supplier shall have an ongoing process to obtain feedback on its practices related to this Code and to foster continuous improvement.

7.0 EXCEPTIONS

The Code will be used as the foundation for global labor and employment, environmental, health and safety, and compliance and ethics practices for all Suppliers. Therefore, any exceptions to the Code shall be approved by the AEES Procurement Council.

8.0 APPENDICES

None.

9.0 REVISION HISTORY

Issue Date: January 1, 2015	Revised Date:	Page 10 of 11
Originator: Jesus Cano Purchasing Specialist	Approved by: Rhonda Moen-Sallman Director of Procurement – North America	

AEES CODE OF CONDUCT FOR SUPPLIERS CERTIFICATION FORM

I certify that:

1. I have received, read and understand the **AEES Code of Conduct for Suppliers (the “Code”)**.
2. I confirm that the Supplier and each of its facilities that supply components, materials or services or business support services and supplies to AEES are in compliance with the Code.
3. I represent that each of the Supplier’s subcontractors (or temporary labor agencies) has been made aware of and in compliance with the Code.
4. I represent that the Supplier and each of its employees and representatives will not request, offer, promise, accept or pay, directly or indirectly, any bribe or kickback to any person or entity in an effort to influence any business decision on behalf of or involving AEES.
5. I have or will disclose any potential or actual conflicts of interest to AEES.
6. I understand that the Supplier may seek guidance regarding the Code and raise concerns about potential unethical or illegal conduct to AEES’s Business Conduct Committee.

Company Name:	
Company Address:	
Name of Authorized Company Representative:	
Title:	
Signature:	
Date:	