



SOCIAL COMPLIANCE POLICY



Globe Electric Social Compliance Policy

Our Social Compliance Policy aims to improve both our social and environmental impact in the communities that we do business with throughout the world. Our policy applies to all facilities that produce goods for Globe Electric Company (“Globe Electric”), or any of its subsidiaries, divisions, or affiliates.

While Globe Electric recognizes that there are different legal and cultural environments in which factories operate throughout the world, the Globe Electric Social Compliance Policy sets forth the basic requirements all factories must meet in order to do business with Globe Electric. Accordingly, it is the responsibility of all Globe Electric business partners, suppliers, agents, and designated third parties to act in accordance with the Globe Electric Code of Conduct.

Globe Electric strongly encourages contractors, agents, and suppliers to exceed the Code of Conduct requirements and to promote best practices and continuous improvement throughout all of their factories.

Our goal is to use the Code of Conduct and audit results as an integral part of our supply chain strategy, influencing how we rate, select and build vendor partnerships now and in the future.

Code of Conduct Social Compliance Audit Policy

It is Globe Electric policy to monitor every facility that is involved in the manufacture of a Globe Electric branded product, and brands for which Globe Electric is licensed to produce. This includes all finished goods factories.

Absolutely no production can be performed in a new facility until a factory inspection has taken place. Production includes samples that are regularly produced at the same location as well as bulk orders. Violation of this policy can result in the termination of any existing contracts or licensing agreements.

Factory inspections will be conducted by a Globe Electric Compliance Auditor or by an accredited third party audit company. The facility manager and any associated agent may or may not be notified prior to the inspection.

Audits will be conducted regularly on every factory. The first audit will be paid for and scheduled by Globe Electric and all subsequent audits will be the responsibility of the factory, including an annual audit prior to sample or bulk production.

Each inspection will include a thorough audit of the facility for Health and Safety, Social Compliance, Forced Labor and Human Trafficking, and Environmental issues. Factory records involving payroll, operating licenses, employee personnel records, etc. will be reviewed for legal compliance with local laws. Plus, a random sampling of employees will be interviewed to evaluate working conditions at the facility.

A typical inspection will last between 6-8 hours, including employee interviews.

At the end of the inspection the factory manager will be verbally advised which status his/her facility has attained. He/she will also be presented with a written list of action items for any irregularities that have been found during the inspection. The factory manager and any associated agent will then be mailed a detailed factory evaluation report. The factory manager and staff must then return their proposed corrective action plan in a signed document to Globe Electric.

At the end of the inspection, each facility will receive one of the below ratings. All factories must meet a minimum score of 71 or “B - Accepted to Be Improved”, in order to continue business with Globe Electric. Factories will be placed under a Corrective Action Plan with Globe Electric until the passing score is met.

Violations of Globe Electric’s Social Compliance Policy will be appropriately remedied at the cost of the facility. Globe Electric reserves the right to take necessary measures to ensure future compliance with this Social Compliance Policy. Failure to comply



with Globe Electric's Social Compliance Policy may ultimately result in termination of the relationship between Globe Electric and the Authorized Facility.

If there is a lack of cooperation or a vendor does not exhibit continuous improvement efforts, GLOBE ELECTRIC RESERVES THE RIGHT TO CANCEL ALL CURRENT PURCHASE ORDERS WITH ANY SUCH CONTRACTOR, SUPPLIER OR AGENT.

Globe Electric Social Compliance Ratings:

Accepted - "A" "85-100"– Demonstrates best practices. Fully compliant.

- No more than five minor issues outstanding on the CAP and only isolated violations that do not rise to the "Major" or "No Tolerance" level. The factory has no serious safety, health, or labor issues and is certified to produce Globe Electric products for 12 months, at which time an annual review is necessary to maintain an accepted rating.

Accepted / To Be Improved "B" "71-84" – Mostly compliant. Minor system failures. Making progress.

- The factory has some minor safety, health, or labor issues. While the factory is authorized to produce Globe Electric or related licensed products, Globe Electric requires that the problems will be corrected in a timely manner and a follow-up inspection with an approved third party or Globe Electric Auditor must be scheduled within 12 – 36 weeks depending upon the severity of the issues. If the problems are corrected to Globe Electric's satisfaction, then the status of the factory will be elevated to "Accepted". If the factory has made no attempt to address the problems at the time of the second visit, the factory will be downgraded to a rejected status.

Rejection Status "C" "51-70"– Noncompliant, some serious failures and/or factory is making no progress.

- The factory has some major safety, health, or labor issues. This may include excessive working hours, incorrect overtime compensation, or locked emergency exits. In this situation the factory is not authorized to produce Globe Electric or related licensed products. Globe Electric requires that the problems will be corrected in a timely manner and a follow-up inspection with an approved third party or Globe Electric Auditor must be scheduled within 12 - 36 weeks. If a factory fails to follow through on agreed facility upgrades and/or related remedial actions, Globe Electric reserves the right to cancel any outstanding Purchase Order(s).

Critical "D/E" "0-50"– Noncompliant, demonstrates general disregard for Globe Electric codes and standards, unwilling or unable to drive important change, deliberately mislead auditors and/or audit shows critical systemic and repeated problems. Examples include but are not limited to:

- Management specifically refuses or continues to demonstrate it is not willing to comply with Globe Electric standards
- Denial of access to authorized compliance inspectors
- Management provided false information (statements, documents or demonstrates coaching)
- Factory outsources to an unapproved or unauthorized facility
- Any use of bonded, indentured or prison labor.
- Use of force to compel illegal work hours
- Systemic use of workers under the minimum legal age of work.
- Factory denies workers freedom of association



- Systemically not paying the legally mandated minimum wage or benefits
- Factory conducts pregnancy testing as a condition of employment
- Systemically not providing legally required maternity leave
- Critical violation of hours of work standard

In this situation the factory is not authorized to produce Globe Electric or related licensed products. Globe Electric requires that the problems will be corrected in a timely manner and a follow-up inspection with an approved third party or Globe Electric Auditor must be scheduled within 12 - 36 weeks. If a factory fails to follow through on agreed facility upgrades, Globe Electric retains the right to cancel any outstanding contracts or licensing agreements.

"F" Not Enough Information to Measure

- Insufficient data to assess and issue a rating

Infraction Corrective Action Deadlines:

- **Zero Tolerance** - Immediate Action Required
- **Major** - 30 Days
- **Moderate** - 3 Months
- **Minor** - 6 Months

It is Globe Electric's intent to treat all suppliers in a fair and honest manner, and to build a foundation for a long-term relationship. We will assist each supplier to reach Globe Electric's manufacturing standards in any way possible.

Supplier Code of Conduct

Policy

Globe Electric Company Inc. (Globe Electric) is committed to conducting its worldwide business in an ethical, legal and socially responsible manner. This commitment extends to the suppliers with whom we chose to do business. Globe Electric expects the same level of honesty and integrity of its supplier partners that it expects of its own employees.

To clarify the exact nature of these expectations, Globe Electric has prepared this Supplier Code of Conduct which applies globally to all suppliers and the associated sub-suppliers who are part of the supply chain. Compliance with this Code is expected for all suppliers and their sub-suppliers as the actions of those with whom we do business may be attributed to Globe Electric and potentially adversely affects Globe Electric's reputation or that of a particular brand within the Globe Electric family.

All suppliers are expected to take all appropriate steps necessary to ensure compliance with this Code. Suppliers are also expected to be familiar with the business practices of their suppliers and any sub-contractors to ensure that they operate within the guidelines of this Code.

Compliance with Laws and Regulations

A Supplier is required to abide by all applicable laws, regulations and standards applicable to its particular industry under the national laws of the countries where the supplier is doing business.



Suppliers are also expected to comply with the standards set forth in this Supplier Code of Conduct. Should the legal requirements and the standards of the industry or the provisions of this Code conflict, the Supplier must comply with the laws of the country in which the products are being manufactured.

Suppliers should, however, strive to meet industry standards and the standards set forth in this code whenever possible. If state or local legal requirements apply to the supplier's manufacturing activities, the supplier must comply with the state and local requirements.

Suppliers shall actively assess and monitor the day-to-day management processes to ensure compliance with applicable laws and this Code of Conduct.

Supplier shall also assure that employees are advised of the requirements of this Code.

Employment Practices

Globe Electric expects Suppliers to respect its employees and to strive to improve conditions whenever possible and to be in compliance with the specific requirements relating to employment conditions contained herein.

- **Compensation & Benefits:** Suppliers shall provide wages, overtime compensation and benefits at not less than the minimum levels required by applicable laws and regulations or which are consistent with the prevailing local industry levels, whichever is higher. If local laws do not provide for overtime pay, suppliers will pay at least regular wages for overtime work.
- **Working Hours:** Suppliers shall maintain employee work hours in compliance with the local standards and applicable laws of the jurisdictions in which the suppliers are doing business. If local and/nor national regulations regarding the number of maximum overtime hours that may be worked by individual workers do not exist, then the working hours should not regularly exceed 60 hours per week consisting of a maximum of 48 hours of regular hours and 12 hours of overtime. One day off in every seven days should be given. Globe Electric will not use suppliers who regularly require workers to work hours in excess of the statutory requirements.
- **Child Labor:** Globe Electric respects the right of children to development and education. Exploitation of child labor is totally unacceptable. No person shall be employed at an age younger than the legal minimum age for working in any specific country or in absence of law, 16 years of age. If local law allows the minimum age of employment to be 14 years of age or younger, the minimum age of employment shall be 14 years of age. Employment of any individual below 14 years of age is strictly prohibited. In general, all employees under the age of 18 must: not be employed in hazardous work; must not work night shifts; and are entitled to more breaks than adults.
- **Forced Labor:** The use of forced or involuntary labor will not be tolerated by Globe Electric. Suppliers shall maintain employment on a voluntary basis.
- Globe Electric will not work with suppliers who directly or indirectly use in any manner forced labor, indentured labor, bonded labor or prison labor.
- **Human Trafficking:** Supplier shall maintain and commit to maintaining a work environment that is free from human trafficking. Globe Electric will not tolerate employment practices that include the recruitment, transportation, transfer, harboring or receipt of persons or through the use of force or the threat of force or through other forms of coercion, abduction, fraud, deception, abuse of power or by giving or receiving payments or benefits to achieve the consent of a person having control over another person for the purpose of exploitation.
- **Nondiscrimination, Harassment & Disciplinary Practice:** Globe Electric recognizes that cultural differences exist and different practices apply in various jurisdictions; however, the terms and conditions of employment should be based on an individual's ability to do the job, not on the basis of race, color, religion, sex, age, physical ability, national origin, or any other protected characteristic. Workers should be treated with respect and dignity. In terms of disciplinary practices, they should be fair, arbitrary and effective. Employees of our Suppliers must not be exposed to physical punishment, threats of violence or physical, sexual, psychological or verbal harassment or maltreatment.
- **Freedom of Association:** Suppliers should respect the rights of their employees to choose to associate with or not associate with or to establish any lawful organization including labor organizations.
- **Health & Safety:** Suppliers must provide their employees with safe and healthy working environment, and where provided, a safe and healthy living environment. Suppliers shall comply with all applicable worker safety laws and regulations which includes:



- Building Integrity
- Occupational Safety
- Occupational Injury & Illness
- Emergency Preparedness
- Machine Safeguarding
- Chemical Safety
- Sanitation, Food & Dormitory

Environmental

Suppliers shall comply with all applicable environmental laws and regulations. This shall include having processes in place to ensure compliance with those regulations relating to the handling, recycling, and disposal of dangerous or hazardous materials. Globe Electric favors suppliers that share its commitment to sustainable business practices.

Security

Suppliers will maintain adequate security at all production and warehousing facilities and implement supply chain security procedures designed to prevent the introduction of non-manifested cargo into outbound shipments. Each Supplier facility must have written security procedures to document proof of adequate security controls.

Gift & Gratuity Policy

Globe Electric employees are prohibited from soliciting or accepting any gifts, gratuities or other monetary incentives that are designed to improperly influence business decisions or as a condition of doing business.

The Supplier has an affirmative duty to report any such request or demand immediately to Globe Electric. Certain business courtesies are not prohibited. Employees may accept gifts that are infrequent and nominal in value; occasional and reasonably-priced meals with a business contact or which are otherwise reasonable and customary, in countries where custom requires such courtesies so long as the receipt of these gifts does not suggest a conflict of interest or give the appearance of an improper attempt to influence business decisions. We expect our suppliers to adhere to these gift giving guidelines.

Monitoring of the Supplier Code of Conduct

Globe Electric will review this Supplier Code of Conduct on a regular basis and will revise it to incorporate additional parameters when necessary. Suppliers are invited to contribute towards the further development of the Supplier Code of Conduct.

Globe Electric shall have the right to periodically inspect Suppliers and their facilities to verify compliance with this Code either directly or through a third-party.

Such inspections may be conducted without notice to the Supplier. Suppliers are also required to disclose all material facts relating to production of products for Globe Electric upon request.

This Code is a general statement of Globe Electric's expectations with respect to its Suppliers. The Code should be read conjunction with the Supplier's obligations set forth in any agreements between Globe Electric (or any of its operating divisions) and the Supplier. In the event of a conflict between this Code and any such agreement, the agreement shall control.

Supplier Ethical Standard Auditing Process

1.1 Resources

Our Globe China team is comprised of professionals who are dedicated to ensuring that the standards set forth in our Supplier Code of Conduct are adhered to by our suppliers.

Supplier Obligations

1.1.1 Suppliers are responsible for their compliance with our Supplier Code of Conduct. Suppliers are also expected to abide by all of the laws, regulations and other standards applicable to their particular industry.



- 1.1.2 Supplier management is responsible for informing all employees of our Supplier Code of Conduct and their obligations thereunder.
Suppliers are responsible for ensuring that all records and documentation requested by Globe Electric is made available shall be available to submit to Globe Electric or its designated representatives and auditors.
- 1.1.3 Suppliers agree to perform periodic internal assessment to ensure compliance with Globe Electric's Supplier Code of Conduct.
- 1.1.4 Suppliers authorize Globe Electric or its designated representatives and auditors to conduct periodic assessments, as requested, to ensure the supplier is in compliance with the Globe Electric Supplier Code of Conduct.

1.2 Responsibilities of Globe Electric Global Sourcing

- 1.2.1 Globe Electric Global Sourcing is committed to executing its Supplier Code of Conduct (SCOC) and Ethical Standards in all areas of its business and will only engage business partners who share our commitment to the SCOC and Ethical Standards. Globe Electric expects all of its suppliers to adhere to the SCOC and our Ethical Standards, and will assist them in meeting their requirements.
- 1.2.2 Globe Electric Global Sourcing will not tolerate any vendors or suppliers who violate the laws of the country where they operate or who knowingly violates the standards set forth in our Supplier Code of Conduct. Globe Electric is prepared to terminate partnerships with those suppliers who do not comply or take other appropriate action in accordance with these Ethical Standards.
- 1.2.3 The Globe China team is responsible for performing assessments before new suppliers are selected. An official assessment report is required and should be sent to Globe Electric Global Sourcing, the appropriate division of the company and other individuals within the company who have a legitimate reason to know of the results as confirmation of final qualification of the supplier.
- 1.2.4 For Direct Import (DI) suppliers, the Globe China team is responsible for performing a pre-assessment before the customer's assessment. A gap analysis and corrective action plan from the pre-assessment should be prepared by the supplier with the assistance and oversight of the Globe Electric Globe China team. The sourcing team will then follow the progress of the corrective actions outlined by the Supplier to ensure all actions are completed before the customer's final assessment.

2. Ethical Standards Assessment

An Ethical standards assessment may be required as part of supplier qualification, a periodic assessment, a random assessment, or a follow up assessment due to failure of a Globe Electric or a Globe Electric's customer ethical standards assessment.

The following steps make up the assessment process:

1. Pre-Assessment questionnaire
2. Opening Meeting
3. Factory Tour Guidance
4. Workers Interview
5. Document Review
6. On-site Report Preparation
7. Closing Meeting
8. Publication of Assessment Results
9. Supplier Ethical Standard Corrective Action Report
10. Follow-up assessment

2.1 Visit Agenda for Ethical Standard Supplier

This is a set of questions completed by the supplier that is used to familiarize assessors and our company with the ethical standards practices and policies of the supplier. It may be requested as part of the initial qualification of the supplier, as part of a periodic update because the previous questionnaire is more than two years old, or because the assessment team feels enough has changed at the supplier since the last questionnaire to warrant a new one.



Typically the pre-assessment questionnaire will be requested and sent by the assessment team that will be conducting an assessment or by the sourcing team/member completing the supplier qualification. The pre-assessment questionnaire should be returned to the requestor by the required date.

2.3 Opening Meeting

Opening meetings are conducted with the supplier's management and will entail introductions, a discussion on the pre-assessment questionnaire, where applicable, and verification of the factory/manufacturing business license.

2.4 Factory Tour Guidance

During the factory tour, Globe Electric's internal auditor should be provided access and will visit- all parts of facility, including but not limited to production area, warehouse area, fire control area, chemical/hazardous substance placement area, waste storage area, dormitory and canteen. During the factory tour visit, Globe Electric's internal auditor will do the following:

- Check whether the markings in production/warehouse are clear and reasonable; (e.g.: fire extinguisher location & label, PPE location, material placement and label, forklift access etc.)
- Check whether exit routes or exits for fire evacuation are safe and compliant with fire control regulations and check all facilities for fire alarms, emergency lighting, sprinkler system, fire extinguishers, smoke detector whether it is effectively maintained and recorded;
- Check the area of chemical/hazardous storage whether it has clear area setting, segregation, marking and storage condition;
- Check the area of waste storage and observe whether it has clear marking, segregation and disposal scheme;
- Check the dormitory & canteen including all facilities (washbasins and water taps, shower & toilet equipment, lights etc.) and review security measures & emergency evacuation plans are appropriately set up to meet fire control requirements.

2.5 Worker Interview

Employee interviews are an integral part of the process used to assess the effectiveness of the ethical standards processes in place. All employee interviews will take place in a private area away from the production floor. Approximately 15 to 25 employees will be interviewed. No management or their representatives will be present. Employees to be interviewed will be selected by the assessment team, not management for the supplier. This is normally done during the walk-through but may be done at any time.

2.6 Document Review

The Globe Electric auditor will also review documents to assess the facility's compliance with Globe Electric's Ethical Standards and Supplier Code of Conduct. Documentation to be reviewed includes but is not limited to the following:

- a) Business license
- b) Personnel files
- c) Workers' contracts
- d) Time cards
- e) Payroll records
- f) Production records
- g) Security records
- h) Accident & injury records
- i) Other related documents or records

2.7 On-Site Report Preparation

The auditor will collect information during factory tour, document review and worker interviews sufficient to identify, discuss and document the audit result during closing meeting. The supplier will be required to submit a Corrective Action Plan (CAP) for any nonconformity identified.



2.8 Closing Meeting

A member of the manufacturing site management must attend the closing meeting. At the closing meeting, the assessment team leader will summarize the assessment results, make recommendations for changes/improvements that may be needed and discuss any questions the supplier may have. A member of supplier management must sign the assessment results on the assessment template and agree to develop and take corrective action for any findings.

2.9 Publication of Assessment Results

Assessment results will be published on the Assessment Results Summary as part of the NR Checklist. Results will be formally provided to the supplier, Globe Electric's Global Sourcing management and the appropriate Division's Vice President of Sourcing along with the regional management team shortly after completion of the assessment.

2.10 Supplier Ethical Standard Corrective Action Report

Any individual item receiving a score of Critical (CRI 0 point) or Major (MAJ 0 point) will require a corrective action. Any Audit findings with score >0 may also require corrective action as deemed necessary by the lead auditor. A brief summary of corrective actions to be completed will be filled in by the supplier on the Assessment Results Summary & Supplier Ethical Standard Corrective Action Report and provided to the assessment team or designee for monitoring and distribution within 5 working days of receipt of the assessment results. A Supplier Ethical Standard Corrective Action Report for each item should be provided within 10 working days of the assessment results using Appendix D. All corrective actions are expected to be completed within 30 days of the Supplier submitting Appendix D (45 days total from initial assessment results) unless the lead assessor or designee agrees to a longer time period. Requests for an extension must be in writing by individual assessment finding needing correction and an extension. Updates on progress for corrective actions should be provided to the assessment team lead or designee weekly during the extension period or at other designated time frames determined by the lead assessor or designee until the corrective action is completed and closed.

2.11 Follow-up Assessment

If deemed necessary, a follow-up assessment will be done to validate that corrective actions have been successfully implemented and are providing the desired result(s). A follow-on assessment may also be conducted as a result of failing a customer assessment and should take place before the customer's re-assessment.