

TCHAI

# SUPPLY CHAIN CODE OF CONDUCT



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**Version: 2.0**

**Effective date: 22/04/2024**

**Related Tchai documents: Human Rights Policy, Environmental Policy  
& Material Standard Policy**

# SUPPLY CHAIN CODE OF CONDUCT

## **INTRODUCTION**

At Tchai, we are committed to genuine connections, by design. Engagement is everything. People want to feel truly connected everywhere they go. That's why our sustainability framework has three distinct pillars – people, planet, prosperity – and finding balance within them supports our growth. While economic success is needed to fulfill and further our company's mission, we believe it exists neither in isolation from, nor is it diametrically opposed to the sustainability of people or our planet. True sustainability awaits where the benefits to the environment, society, and economics meet. And in our effort to improve our sustainability performance, we do not stop at our own company, but go beyond to our supply chain.

Our Tchai Supply Chain Code of Conduct supports and underlines our commitment to sustainability. It defines standards for fair, safe, and healthy working conditions and environmental responsibility throughout our supply chain. The standards are based on standards set or suggested by different NGOs, internationally accepted good practices, ISO, and our company values.

This code is considered an integral part of our business relationship with all our suppliers (including their sub-suppliers and sub-contractors) and forms a part of any contract or agreement between us and our suppliers. We require all suppliers we do business with to commit to the standards expressed in this Code and apply them throughout their business operations. By doing so, the Code will help ensure the safety and well-being of the people working in our supply chain and protect the planet we all inhabit.

To ensure that our suppliers comply with our Supply Chain Code of Conduct, we have them conduct self-assessments to assess how they comply with the code and we conduct (announced and unannounced) inspections of their business, e.g., their policies, procedures, and facilities.

We expect all suppliers to make improvements when any of our Code standards are not met and to develop sustainable management, reporting, and tracking systems within their business to ensure ongoing compliance. Any failure to make improvements and with that comply with this Code would constitute a breach of any contract or agreement between Tchai and our supplier and may result in corrective action up to and including termination of the agreement.

We, on our side, pledge to assist our suppliers with the development on matters concerning the standards and work together with our suppliers to move from basic to higher sustainability practices. All in order to drive meaningful change together. In the spirit of continuous improvement, the contents of this Supply Chain Code of Conduct will be regularly evaluated and if necessary modified.

## **RATINGS AND REQUIRED ACTIONS**

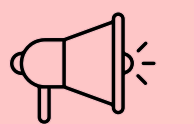
Each standard in this Code is accompanied by a rating (icon), indicating the extent to which Tchai will address any non-compliance with that standard. If a standard and its subsections have only one icon displayed, the rating applies universally. However, if different subsections have varying ratings, each will display its own applicable icon.

### **ZERO TOLERANCE**



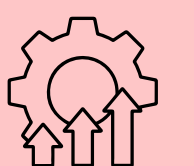
A 'Zero Tolerance' rating is assigned to standards that, if violated, could result in severe negative impacts on individuals, life safety, the environment, and/or Tchai's reputation. Non-compliance with a standard rated as Zero Tolerance may lead to Tchai terminating the partnership without compensation.

### **ACT NOW**



An 'Act Now' rating is assigned to standards that, if breached, might result in negative impacts on individuals, life safety, the environment, and/or Tchai's reputation. Failure to comply with a standard rated as Act Now may prompt Tchai to cancel orders or withhold the placement of new orders until the issue is resolved. Prolonged delays in finding a solution or repeated non-compliance may elevate the rating to Zero Tolerance, potentially resulting in the termination of the partnership.

### **CONTINUOUS IMPROVEMENT**



A 'Continuous Improvement' rating is assigned to standards where breaches do not immediately cause severe damage but can be improved by the supplier, leading to better management support and/or increased satisfaction/protection for employees, communities, and the environment.

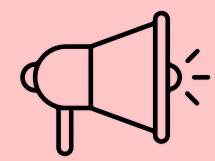
Non-compliance with a standard rated as Continuous Improvement can be addressed over a longer timeframe without immediate repercussions from Tchai. However, if no improvement is demonstrated in the long run (more than 6 months), the rating may be escalated to Act Now.

## **SUPPLY CHAIN CODE OF CONDUCT STANDARDS**

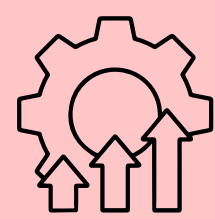
### **1. Legal Compliance, Local Laws and Cultural Sensitivity**

Tchai recognizes the significance of operating within the legal frameworks and cultural contexts of the regions where our suppliers operate. Therefore, we emphasize the following principles:

**a.** Suppliers are required to establish and maintain systems that ensure compliance with all applicable laws and regulations. This encompasses various legal requirements, including but not limited to labor laws, environmental regulations, and other statutory obligations. Compliance with these standards is fundamental to our partnership and underscores our commitment to ethical business practices.



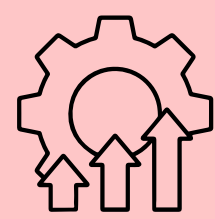
**b.** Cultural Awareness and Respect: We acknowledge the diversity of cultures and business practices across different regions. In light of this diversity, we commit to fostering cultural sensitivity and understanding among our suppliers. This entails recognizing and respecting cultural differences in business practices, communication styles, and labor relations.



By upholding these principles, we strive to ensure ethical conduct, promote legal compliance, and foster positive relationships with our suppliers worldwide.

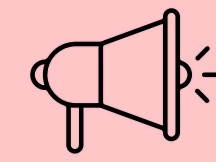
### **2. Policy & Implementation**

**2.1.** Suppliers must adopt a policy that documents their commitment to responsible business practices, which is endorsed by supplier's management and is communicated to its employees. Supplier's management shall, at least every 3 years, assess the ongoing suitability and adequacy of its business practices in achieving the policy, and implement improvement to address any gaps.



**2.2.** Outsourcing and Subcontracting:

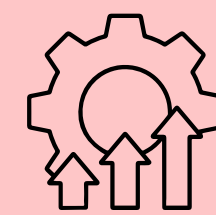
We require transparency regarding the use of subcontractors or outsourcing arrangements worldwide. Maintaining clear visibility into these arrangements is essential for ensuring accountability and ethical conduct throughout our supply chain.



**2.3.** Expansion responsible procurement practices

At Tchai, we are dedicated to extending responsible procurement practices to encompass all materials and services throughout our supply chain.

This expansion goes beyond the traditional focus on raw materials to include the sourcing and procurement of all components, products, and services utilized in our operations. We recognize that ethical considerations such as labor standards, environmental impact, and social responsibility are integral to every aspect of our supply chain.



### **3. Child Labour**

Suppliers shall not engage in or support Child Labour. Therefore, they shall not employ anyone under the age of 15. Where local law specifies a minimum working age higher than 15, all employees must be at or above the legal minimum age. An effective procedure must be in place to verify the age of potential employees prior to employment. If a supplier employs a person between the age of 15 and 18 it must be ensured that this person:

**a.** Does not conduct hazardous work, as defined by the ILO.

**b.** Does not work overtime.

**c.** Does not work at night.

**d.** Has a minimum of 2 weekly rest days.



### **4. Forced Labour**

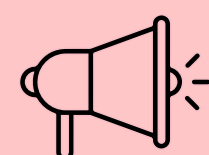
Suppliers shall not use Forced or Involuntary Labour, engage in or support Human Trafficking, or restrict the freedom of movement of Employees in the workspace (or on-site housing). Engagement is everything.



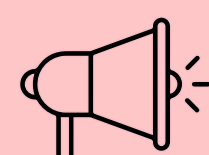
*\* For further details, please consult Tchai's Human Rights Policy*

## 5. Working Hours & Wage Conditions

**5.1.** Suppliers must comply with applicable law on working hours. The normal work week, not including overtime, shall not exceed 48 hours. If overtime work is required for business needs, suppliers shall ensure that overtime work is under a voluntary overtime system, required overtime is permitted only where it is within the limits allowed under Applicable Law or Collective Bargaining Agreements. The sum of the normal work week and overtime hours shall not exceed 60 hours in a week unless defined otherwise by Applicable Law or permitted under a Collective Bargaining Agreement.



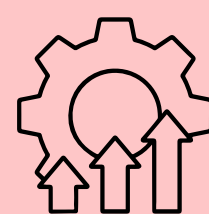
**5.2.** Suppliers must provide all Employees with at least one rest day following every six consecutive work days and all legally mandated public holidays and leave.



**5.3.** Suppliers must pay all Employees a wage on at least the applicable legal minimum plus legal benefits for a normal work week, not including overtime. Overtime shall be reimbursed at a premium rate, at least equal to that required by Applicable Law or a Collective Bargaining Agreement. Wages paid on a performance-related basis shall not be less than the legal minimum wage for a normal work week. A procedure must be in place to make sure raises in minimum wages by official authority are immediately implemented in the supplier's company.



**5.4.** Suppliers will make wage payments to Employees that are: On a regular and pre-determined basis. By bank transfer or in cash or cheque in a manner and location convenient to the Employees. Accompanied by a wage slip which clearly details wage rates, benefits, and deductions where applicable.



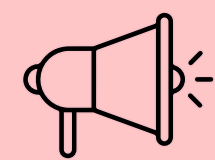
**5.5.** Suppliers will only make deductions from wages which are calculated following a clear and communicated process. Any deductions for disciplinary purposes are only made when permitted under Applicable Law or governed by a Collective Bargaining Agreement.



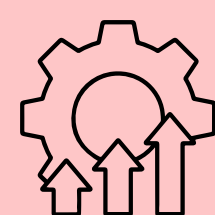
**5.6.** Suppliers that provide wage advances or loans will ensure that the interest and repayment terms are transparent and fair, and not deceptive to the Employee.

## 6. Discipline & Grievance Procedures

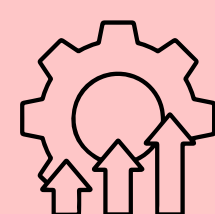
**6.1.** Suppliers shall ensure that Employees are not subjected to corporal punishment, harsh or degrading treatment, sexual or physical harassment, mental, physical or verbal abuse, coercion or intimidation, or threats of these towards themselves, family or colleagues.



**6.2.** Suppliers shall clearly communicate the business' disciplinary process, and related standards on appropriate disciplinary procedures and Employee treatment, and apply these equally to all management and staff.

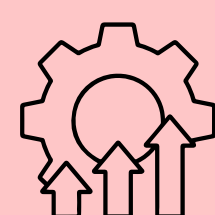


**6.3.** Suppliers will make it clear to Employees, that they shall be free to submit a grievance, without suffering any penalty. Grievance procedures shall be designed to function effectively and reach a timely outcome, and records of Employee grievances raised, investigation processes, and outcome will be maintained.

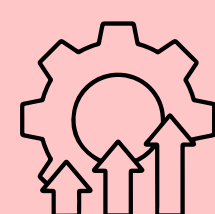


## 7. Freedom of Association & Collective Bargaining

**7.1.** Suppliers shall respect the right of Employees to associate freely in Workers Organizations of their choice, without interference or negative consequences to them from the supplier.

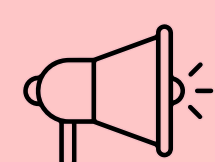


**7.2.** Supplier will respect the right of Employees to collective bargaining, and will adhere to Collective Bargaining Agreements, where such agreements exist.



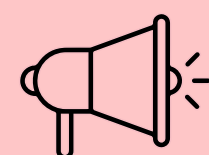
## 8. Non-Discrimination

Suppliers shall not practice or condone any form of discrimination in the workplace in terms of hiring, remuneration, overtime, access to training, promotion, termination, or retirement based on race, ethnicity, class, national origin, religion, disability, gender, sexual orientation, union Membership, political affiliation, marital status, pregnancy status, physical appearance, HIV status, or age.



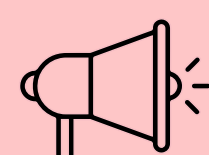
## 9. Bribery and Facilitation Payments

Suppliers shall act against any form of bribery. They shall have systems in place to manage bribery risk in their organization, i.e., the identification and monitoring of those parts of the supplier's business that pose high risks of participation in bribery. Criteria and approval procedures will be set to be followed by Employees in respect of the offer and/or acceptance of gifts with third parties and appropriate controls shall be implemented to oversee all payment facilitation. Suppliers shall facilitate the reporting of (potential) bribery, where the reporter will be protected against any penalty or adverse consequences for identifying in good faith concerns related to (suspected) bribery. Suspected bribery will be investigated, and sanctions will be applied for (attempted) bribery.

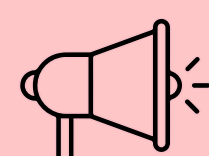


## 10. Health & Safety

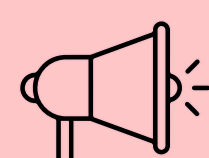
**10.1.** Suppliers shall ensure that healthy and safe working conditions are provided for all Employees and on-site Contractors in accordance with applicable law and other relevant industry standards. An effective procedure must be in place to make sure changes in applicable law are immediately implemented in the supplier's company.



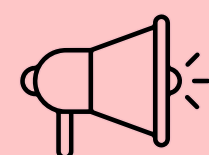
**10.2.** Suppliers shall provide and maintain workplaces and on-site housing where provided, that have: Access to potable water and sanitary facilities for food consumption and storage. Enough clean and hygienic toilet facilities. Fire and other emergency safety equipment and alarms. Clearly marked, unlocked, and unblocked emergency exits and escape routes. Access to adequate power supply and (emergency) lighting.



**10.3.** Suppliers shall assess the Risks of their specific workplace Hazards and implement controls to minimize the Risks of accidents and injury to Employees and on-site Contractors.

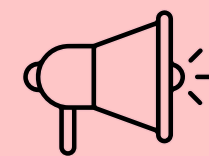


**10.4.** Suppliers shall provide Employees and on-site Contractors with a mechanism, by which they can raise and discuss Health and Safety issues with management.

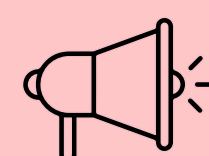


**10.5.** Suppliers shall provide training and information about Health and Safety to Employees and on-site Contractors in an understandable form and in an appropriate language. This will include: Specific job-related Health and Safety Hazards and controls, among others the safe use of operating applicable machines and working with chemicals. Appropriate action to take in the event of an accident or emergency. Appropriate

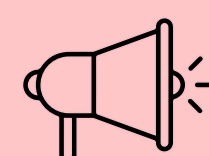
training in fire safety and emergency procedures. First-aid training to designated Employee representatives. Employee and Contractor awareness that they have the right and responsibility to stop work or refuse to work in situations that have Uncontrolled Hazards, and to immediately bring these situations to the attention of those at imminent Risk and to management.



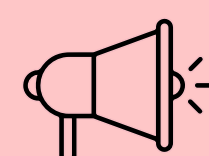
**10.6.** Suppliers shall ensure that appropriate and current Personal Protective Equipment (PPE) is provided free of charge and verify that it is worn and used correctly.



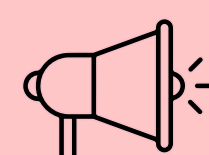
**10.7.** Supplier shall ensure that equipment is set up with all necessary safety measures, routinely inspected, and properly maintained.



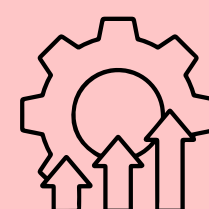
**10.8.** Suppliers shall provide access to clearly marked first-aid provisions and trained first-aid personnel and have appropriate procedures in place for transportation to local medical facilities in the case of a medical emergency.



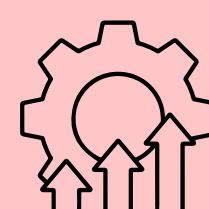
**10.9.** Suppliers shall establish emergency procedures and evacuation plans for all reasonably foreseeable emergencies, which are clearly displayed, regularly tested (including evacuation drills), and periodically updated.



**10.10.** Suppliers shall maintain an inventory of hazardous substances at facilities. Safety data sheets (or equivalent) shall be accessible where all hazardous substances are in use and their associated risks and proper way of handling, storing and disposing shall be clearly communicated to all employees and contractors who work with them.



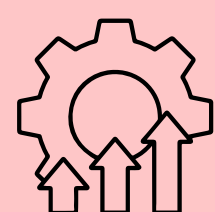
**10.11.** Suppliers shall investigate health and safety incidents and feed the results into reviews of the controls of related Hazards to identify opportunities for improvement.



**10.12.** Mental Health

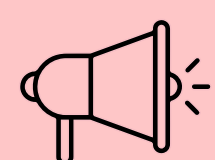
Tchai promotes and encourages our suppliers to prioritize mental health within their own supply chains. We advocate for the provision of access to mental health resources and

support services for all workers. This includes initiatives such as counseling services, stress management programs, and awareness campaigns aimed at fostering a positive and supportive work environment where the mental well-being of individuals is valued and promoted.



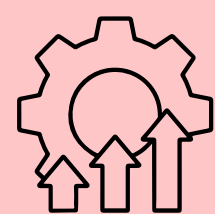
#### **10.13. Intellectual Property and Data Security/Privacy:**

Given our production footprint globally, safeguarding intellectual property (IP) and ensuring data security and privacy for all stakeholders involved is paramount. We oblige our suppliers to handle everyone's data responsibly and prioritize the privacy of all parties throughout the supply chain.



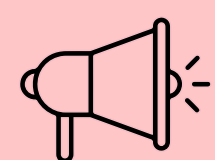
#### **Personal/Professional Development**

Tchai encourages and supports our suppliers to provide opportunities for personal and professional growth within their workforce. We advocate for investments in skills development, training programs, and career advancement pathways for workers. By empowering individuals to enhance their capabilities and reach their potential, we aim to contribute to the creation of a workforce that is not only productive but also fulfilled and engaged in their roles.

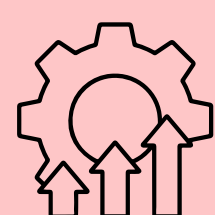


### **11. Environmental Management**

**11.1.** Suppliers must develop a mechanism to regularly review and implement applicable environmental legislation, regulations, and codes of practices applicable to their facilities.

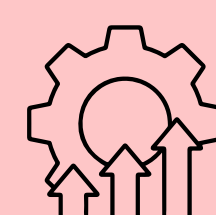


**11.2.** Annually, suppliers shall identify and rank all environmental aspects (both direct and indirect) of its core activities (e.g., production process steps), its auxiliary services that support the core activities (e.g., cooling, maintenance), and its products (e.g., (raw) material used, packaging). Advised is to involve a cross-functional team from key areas of the supplier's operation since all parts of the company's operation have to be considered.



**11.3.** From all aspects identified, suppliers shall determine their significant environmental aspects for improvement. In assessing the significance they must consider: Potential to

cause environmental harm. Size and frequency of the aspect. Importance to the stakeholders of the organization. Requirements of relevant environmental legislation.



**11.4.** For the significant environmental aspects selected to be improved, suppliers must conduct baseline measurements and define performance objectives and targets. Suppliers shall work towards best environmental practices, for at least:

Efficient use and responsible sourcing of raw materials, where: Suppliers shall ensure that the loss of raw material during the production process is reduced to their best extent.

#### **Enhancing Material Traceability Requirements:**

At Tchai, we recognize the critical importance of material traceability in ensuring transparency and accountability within our supply chain. Therefore, we are committed to strengthening the requirements for material traceability across all stages of our supply chain.

This entails that suppliers must conduct due diligence on the source of their raw materials, ensuring that it is responsible and inform Tchai on this due diligence upon request. By enhancing material traceability, we aim to minimize the risk of unethical practices such as counterfeit materials, unauthorized sourcing, and environmental violations and create more transparency on ethical sourcing.

To achieve this goal, we will work collaboratively with our suppliers to establish stringent criteria and standards for ethical procurement across all categories of materials and services. This includes conducting thorough assessments and due diligence to ensure that our suppliers adhere to these principles in their sourcing and production processes.

Carbon footprint reduction, where: Suppliers shall conduct a comprehensive audit on their current emission and set ambitious goals for continuous carbon reduction at least in scope 1 (all direct GHG emissions) and 2 (indirect GHG emissions from consumption of purchased electricity, heat, or steam) as stated in the GHG protocol.

(Hazardous) Waste minimization, where: Suppliers shall responsibly manage the identified wastes by applying the principles of reduce, recover, re-use, and recycle to reduce environmental impact where applicable.

Suppliers shall not use chemicals and Hazardous Substances subject to international bans due to their high toxicity to living organisms, environmental persistence, or potential for bioaccumulation, irreversible ecological impacts, or depletion of the ozone layer. Suppliers shall employ alternatives to other Hazardous Substances used in business

processes wherever technically and economically viable.

Water efficiency,

where: Suppliers shall ensure the efficiency of their production process as well as their facility's general operations in regards to the use of water.

Packaging reduction,

where: Suppliers shall ensure that the minimal amount of packaging material with the least environmental burden is used for packing individual products and the total product shipments.

**11.5.** Suppliers shall provide general environmental awareness training for all employees and task-specific environmental training where needed.

**11.6.** Suppliers must develop an internal communication mechanism to sustain awareness and responsibility for environmental system maintenance.

*\* For further details on our initiatives to minimize our environmental impact and influence our supply chain and the retail industry, please consult Tchai's Environmental Policy*

Conclusion

At Tchai, we believe in fostering genuine connections not only within our own organization but also throughout our entire supply chain. Through our designs and creations, we strive to ensure that we engage meaningfully with all stakeholders involved. Our commitment to creating bonds extends beyond borders and industries, as we work together to move towards sustainable practices.

Final Note

Contact us - If suppliers are violating any of these Code elements, we would like to know about it. Please bring these issues to our attention by contacting us at [we@tchai.nl](mailto:we@tchai.nl).

Please feel free to write in your local language. All information we receive will be kept in strict confidence and your identity protected.

*\* Tchai reserves the right to make unilateral changes to the Code or our Policies at any time.*

If you have any questions about our Code or our Policies, please contact us.