



Ethical Sourcing Policy

The aim of Dalton International Limited trading as pH7 (pH7) Ethical Sourcing Policy (ESP) is to ensure that our suppliers meet certain minimum ethical and social standards. The ESP is designed to make sure that PH7 buys its products from suppliers that can demonstrate awareness and adherence to relevant and appropriate social and ethical standards, PH7 will also seek to ensure that its suppliers are aware of the impact of their operations on the environment and will encourage its suppliers to monitor any such impacts with a view to adopting minimisation measures.

PH7 will take reasonable and practical steps to monitor supplier activity in order to ensure that standards, which could impact adversely upon the local or global environment, are not compromised.

1. Basic Human Rights

This ESP is based on the internationally recognised Social Accountability 8000 (SA 8000) criteria. SA8000 is an auditable certification standard based on the UN Universal Declaration of Human Rights, Convention on the Rights of the Child and various International Labour Organization (ILO) conventions.

PH7's ESP covers the following areas of accountability:

- *Child labour:* No workers under the age of 15; minimum lowered to 14 for countries operating under the ILO Convention. Suppliers shall verify the age of their workers and maintain copies of workers' proof of age. Suppliers shall follow all applicable laws, regulations and the ILO standards regarding working hours and conditions for all employees.
- *Forced labour:* No forced labour, including prison or debt bondage labour; no lodging of deposits or identity papers by employers or outside recruiters. Workers must be free to leave once their shift ends and free to leave their employment after reasonable notice.
- *Health and Safety:* Provide a safe and healthy work environment; take steps to prevent injuries; regular health and safety worker training; system to detect threats to health and safety; access to bathrooms and drinking water. Suppliers shall ensure that personal protective equipment is available and workers are

adequately trained in its use. Safeguards on machinery must meet or exceed local laws.

- *Freedom of Association and Right to Collective Bargaining:* Respect the right to form and join trade unions and bargain collectively. Suppliers shall ensure that workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace. Where the right to freedom of association and collective bargaining is restricted under law, suppliers must not hinder the development of parallel means of independent and free association and bargaining.
- *Discrimination:* No discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union or political affiliation, or age; no sexual harassment.
- *Discipline:* No corporal punishment, mental or physical coercion or verbal abuse.
- *Compensation:* Wages paid for a standard work week must meet the legal and industry standards and be enough to meet the basic need of workers and their families.
- *Immigration Law Compliance:* Suppliers shall only employ workers with a legal right to work, including workers obtained through an employment agency. Workers' legal right to work must be validated by reviewing original documentation prior to commencement of work.
- *Working Hours:* All working hours will comply with national laws and benchmark industry standards, which ever affords greater protection. Overtime work should be voluntary and overtime should not be requested on a regular basis. Suppliers shall guarantee workers breaks and days off in compliance with applicable law.

2. Environmental Standards

Suppliers, at a minimum, shall comply with all applicable laws and regulations relating to the environmental impacts of their business and maintain procedures for notifying local authorities in the event of an environmental accident resulting from the supplier's operation. Supplier compliance with environmental law shall include any international or applicable local laws affecting the source of material and processes used to manufacture products. Detailed performance standards are a matter for suppliers but should address at least the following:

- *Waste Management:* Waste is minimised and items recycled whenever this is practicable. Effective controls of waste in respect of ground, air and water pollution must be adopted. In the case of hazardous materials, emergency response plans must be in place.
- *Packaging and Paper:* Undue and unnecessary use of material shall be avoided and recycling materials should be used wherever appropriate.

- *Conservation:* Processes and activities shall be monitored and modified as necessary to ensure conservation of scarce resources, including water, flora and fauna and productive land in certain situations.
- *Energy Use:* All production and delivery processes, including the use of heating, ventilation, lighting, IT systems and transportation, must be based on the need to maximise efficient energy use and minimise harmful emissions.
- *Product Selection:* Proactively work with and aid PH7 in selecting products which are environmentally beneficial.

3. Arms:

Suppliers shall not be engaged:

- In the manufacture of arms; or
- In the sale of arms to governments which systematically violate human rights of their citizens; or where there is internal armed conflict or major tensions; or where the sale of arms may jeopardise regional peace and security.

4. Conflicts of Interest:

Suppliers and contractors must avoid any situation that may involve a conflict or the appearance of a conflict between their personal interests and the interests of PH7. Each supplier and contractor must make prompt and full disclosure to PH7 of any situation which may involve a conflict of interest. Conflicts of interest include, but are not limited to:

- Ownership or a significant financial interest in any competitor of PH7
- Serving as a director, officer, partner, consultant or in any competitor of PH7
- Acting as a broker, finder or other intermediary for the benefit of a third party in transactions involving PH7 or its interests
- Any other arrangement or circumstance, including family or other personal relationships, which might influence the supplier or contractor from acting in the best interests of PH7

5. Business Courtesies and Inducements

Offering, giving, soliciting or receiving any form of bribe or under-the-table payment, including unauthorised gifts, is prohibited. Good judgment and moderation must be exercised to avoid misinterpretation and any adverse effect on the reputation of PH7 or its employees.

6. Intellectual Property:

Suppliers and contractors must use PH7's trade information, copyrights and trademarks only in the manner that is permitted under their contract with PH7 and in any event, safeguard them as assets of PH7, and not misappropriate or infringe the trade information, trademarks, or copyrighted works of others.

Suppliers and contractors must not use trade secrets or proprietary information for their own purposes or disclose such information to unauthorised third parties.

7. Confidentiality:

Suppliers and contractors must protect PH7 information, not disclose it to any third party, and use it only for the business of PH7.

For further information about Dalton International Ltd.'s Ethical Sourcing Policy please contact Dalton International.

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