

## VSI SUPPLIER ETHICAL AND ENVIRONMENTAL CODE OF CONDUCT

### **PART A: DEFINITIONS**

- "Child"** any person less than 15 years of age unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply.
- "Child Labour"** any work by a Child or Young Person younger than the age(s) specified in the above definitions, which does not comply with the provisions of the relevant International Labour Organisation standards, and any work that is likely to be hazardous or to interfere with the Child's or Young Person's education, or to be harmful to the Child's health or physical, mental, spiritual, moral or social development.
- "Young Person"** any worker over the age of a Child as defined above and under the age of 18.

### **PART B: INTRODUCTION AND SUPPLIER STANDARDS**

1. The aim of this Code is to ensure that all VSI suppliers are producing products under a minimum set of internationally acceptable conditions of employment.
2. This Code focuses on the following 10 areas in line with the policies of the International Labour Organisation:-
  - i. No forced labour
  - ii. Prevention of child labour
  - iii. Fair disciplinary practices
  - iv. Health and Safety
  - v. Legal requirements
  - vi. Working hours
  - vii. Wages and benefits
  - viii. Freedom of association
  - ix. Transparency
  - x. The environment
3. All Suppliers to VSI (including any sub-contractors used by Suppliers) must comply with this Code, and operate in such a way that is consistent with VSI standards of business practice and in accordance with applicable international and national laws and regulations related to the Supplier's industry.
4. Failure to observe this Code will require rapid corrective action by the Supplier in order to continue any business relationship with VSI. However VSI would take into account the reason for any non-compliance by Suppliers before cancelling any outstanding orders, refusing or returning any shipment and otherwise cease doing business with the Supplier.
5. Suppliers will be audited at random and Suppliers agrees to permit access to allow inspection of compliance against this Code at any time.

### **PART C: AREAS OF FOCUS**

#### **1 Item I - No Forced Labour**

Suppliers must not use forced labour. Forced labour is work that is performed under the threat of punishment or confiscation of belongings that the worker has not agreed to. Employment must be freely chosen.

- (a) workers must not be forced to lodge deposits or their identity papers with the employer;
- (b) there shall be no indentured or bonded labour;
- (c) there shall be no unpaid or forced prison labour;
- (d) workers are free to leave their employer after reasonable notice;
- (e) workers' freedom of movement is not unnecessarily impeded;
- (f) workers are free to leave once their shift ends; and
- (g) overtime is voluntary.

**2 Item II - Prevention of Child Labour**

Suppliers must not use Child Labour.

- (a) there shall be no recruitment of Child Labour;
- (b) where there is no legal minimum age in a country, workers should not be less than 15 years old;
- (c) if a child is found to be performing labour, the Supplier shall develop or participate in and contribute to policies and programmes which enable the child to be reintegrated into quality education and remain in education until no longer a child;
- (d) Young Persons under 18 shall not be employed at night or under hazardous conditions;
- (e) Young Persons under 18 shall not be assigned heavy or hard work;
- (f) Suppliers shall obtain and retain copies of legal documentation proving the age of all workers.

**3 Item III - Fair Disciplinary Practices**

Supplier shall not practice or condone corporal punishment or any other form of abuse or harassment.

- (a) physical abuse or discipline, the threat of physical abuse or discipline, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited;
- (b) disciplinary measures must not include monetary fines. Tardiness should be deducted on a pro-rata basis;
- (c) workers should be made aware of the Supplier's grievance procedures and have the right to lodge complaints regarding disciplinary issues;

**4 Item IV - Health and Safety**

Workers' health and safety is a priority.

- (a) Suppliers must comply with relevant laws and regulations and take measures to prevent accidents;
- (b) Supplier shall provide a safe and hygienic working environment, bearing in mind the prevailing knowledge of the industry and of any specific hazards;
- (c) adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment;
- (d) workers shall receive regular and recorded health and safety training in the relevant language. Such training shall be repeated for new or reassigned workers;
- (e) access to clean toilet facilities and to water shall be provided;
- (f) eating and food storage facilities, if provided, must be in compliance with food hygiene requirements;
- (g) fire safety equipment and fire emergency procedures shall be adequate, well maintained and all workers must be trained on such procedures and records must be kept;
- (h) equipment in the work place (including lifts, boilers and manufacturing equipment) shall be inspected regularly and in accordance with local laws;

- (i) workers must be provided with all appropriate protective equipment;
- (j) clearly sign-posted first aid kits shall be made accessible to all workers;
- (k) the supplier must keep records of any accidents or incidents of worker sickness, including any corrective actions. This log should be available for inspection;
- (l) a member of the Supplier's management team must have clear responsibility for occupational health and safety;
- (m) trained first aider must be available on site at all times;
- (n) accommodation, where provided, shall be clean, segregated, safe and meet at least the basic needs of the workers. Suppliers shall request for a copy of and comply with VSI's workers accommodation standards, if applicable.

## **5 Item V - Legal Requirements**

Suppliers must abide all relevant laws and regulations.

- (a) all Suppliers must be law abiding and comply with all legal requirements relevant to their business (including international laws where relevant);
- (b) only workers with a legal right to work shall be employed or used by the Supplier;
- (c) all workers including those employed through agencies, must be validated by the Supplier for their legal right to work by reviewing original documentation (not photocopies) before they are allowed to commence work. Procedures which demonstrate compliance with these validations must be implemented.

## **6 Item VI -Working Hours**

**Suppliers must ensure that** working hours are not excessive.

- (a) Working hours must comply with national laws and benchmark industry standards, whichever affords greater protection;
- (b) Workers shall not be required to work in excess of the limits imposed by national law;
- (c) Overtime shall be voluntary.

## **7 Item VII - Wages and Benefits**

Supplier shall pay wages, including any overtime in accordance with legal requirements.

- (a) wages and benefits that are paid for a standard working week must at least meet minimum, national legal standards or industry benchmark standards, whichever is higher.
- (b) all workers shall be provided with written and understandable information about their wages before they start work and about the particulars of their wages for the pay period concerned each time they are paid, including any overtime rates and circumstances where pay may be deducted;
- (c) to every extent possible work performed must be on the basis of a recognised employment relationship established through national law and practice;
- (d) obligations to workers under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed term contracts of employment.

## **8 Item VIII - Freedom of Association**

Supplier shall ensure that workers are not prevented from free association.

- (a) there shall be no discrimination in hiring, compensation or access to training, promotion, overtime, termination or retirement based on race, caste, national origin, age, religion, disability, gender, marital status, sexual orientation, union membership or political affiliation;
- (b) workers' rights to exercise lawful rights of free association, including joining or not joining any association must be recognized and respected;
- (c) workers shall have the right to representation and discussion with the company on employment matters;
- (d) The Supplier must adopt an open attitude towards the activities of workers representative bodies and their organisational activities;
- (e) workers' representatives shall not be discriminated against and have access to carry out their representative functions in the workplace;
- (f) workers shall have the right to collective bargaining on matters of pay and working conditions.

**9 Item IX – Transparency**

Supplier shall allow full and free access for VSI or its appointed representatives to inspect and audit the Supplier's facilities and any workers' hostels.

**10 Item X - The Environment**

Suppliers have a responsibility to measure, control and where possible, reduce its environmental impacts.

- (a) Suppliers must understand their environmental impacts and comply with local, national and relevant international environmental legislation;
- (b) Suppliers must have procedures to safely receive, handle, store, recycle and dispose of restricted or hazardous substances;
- (c) waste water and solid waste from the operations must be monitored, controlled and treated in accordance with applicable laws before disposal;
- (d) air emissions of volatile chemicals, aerosols, corrosives, particulates and ozone depleting substances must be recorded, monitored, controlled and treated as required by applicable laws before discharge;
- (e) Suppliers must obtain, maintain and keep all required environmental permits and registrations;
- (f) Suppliers must endeavour to reduce and where possible eliminate waste of all types, including water and energy, by implementing conservation measures in their facilities, in their maintenance and production processes and by re-cycling, re-using or substituting materials;
- (g) Suppliers must co-operate with VSI's efforts to reduce the environmental impact of its products and manufacture. This includes tracking energy use and waste in the facilities, providing data to VSI and improving processes to reduce the environmental impact of manufacture;
- (h) A member of the management team shall be given clear responsibilities for environmental management of the facilities.

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**ACKNOWLEDGEMENT AND AGREEMENT BY SUPPLIER**

I, \_\_\_\_\_ (NRIC/Passport No. \_\_\_\_\_ )  
for and on behalf of \_\_\_\_\_ (Company No.  
\_\_\_\_\_) acknowledge and agree to abide by the above Code.

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Name:  
Designation  
Date: