

Hadleigh Castings Limited

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| Title | <i>SUPPLY CHAIN POLICY</i> |
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1. INTRODUCTION

Hadleigh Castings Ltd's (HCL) Supply Chain Policy describes HCL's expectations for its suppliers in the areas of environmental, health and safety (EHS), transportation, labour/human resources (labour), and supplied materials. These policies apply to the selection and retention of all suppliers that provide goods or services to HCL, including raw material suppliers, semi-finished or finished goods suppliers, contractors, contract manufacturers and service providers.

While HCL recognizes that there are different legal and cultural environments in which suppliers operate throughout the world, these policies establish a framework that HCL considers important to the management of manufacturing and distribution operations to minimise adverse impact to the environment, to a healthy and safe workplace, to the maintenance of fair and reasonable labour practices and to the content of materials supplied to HCL.

2. SCOPE AND PURPOSE

- 2.1 HCL may in its sole discretion assess and monitor ongoing performance and compliance with these policies, including but not limited to a review of appropriate supplier documents, an onsite visit to determine whether these policies are being addressed, review of past practices of the supplier, and/or consideration of the local environment in which the supplier will perform services.
- 2.2 The following set of policies is not intended to limit HCL's discretion on information that might be requested from a supplier in connection with any EHS, transportation, labour or materials content review conducted by HCL.
- 2.3 On a periodic basis, suppliers may also be requested to certify conformance to these policies.
- 2.4 HCL reserves the right to terminate any operation where conformance with these policies is not achieved and maintained.
- 2.5 These policies are dynamic and evolving to address ongoing protection of employees and to manage impacts to the environment and the community.

- 2.6 The particular purpose of all the companies policies are to make certain that both we as a company and our staff as individuals comply with the law and also that we promote the company in the most professional way we can. It is therefore essential that all our suppliers follow this policy.

3. GENERAL

3.1 Compliance:

HCL suppliers must comply with all national and other applicable laws and regulations relating to environmental, occupational safety and health, transportation, labour and human resource practices, and material content for supplied materials. Suppliers will maintain compliance systems and be able to demonstrate a satisfactory record of compliance with laws and regulations in the conduct of their business.

3.2 Corrective Action:

When non-compliance is detected, HCL will attempt to work with the supplier concerned to correct the situation. We expect the supplier to develop a corrective action plan to bring its operations into compliance so that supply to HCL can continue. If a supplier does not develop such a plan or fails to implement it, HCL will move to terminate the business relationship.

3.3 Environmental, Health and Safety:

3.3.1 EHS Laws. HCL suppliers are expected to comply with all local and country environmental, health and safety laws and regulations.

3.3.2 EHS Practices. HCL suppliers are expected to provide workers with a safe and healthy work environment and to manage their operations to minimise impact to the environment and community. Suppliers are expected to establish and maintain a management system or program that encourages continual improvement in EHS performance and includes the following elements:

- A process to protect employees from unsafe noise levels and to provide appropriate lighting and temperatures in the workplace.
- A process to provide and maintain operating machinery and equipment with guarding or other protective measures as necessary to prevent injury to workers.
- A process to identify, evaluate and control workplace exposures to chemical, biological and physical agents to prevent worker illness and injury.
- A process to identify and control hazards in the workplace (examples include activities such as regular inspections, risk assessments, job hazard analyses, and equipment hazard reviews).
- A process to determine the cause of incidents that result or could result in injury, illness, property or environmental damage or business interruption.
- A process to encourage employee participation in health and safety programs and to encourage employees to report workplace illnesses and injuries.

- A process to assess that sufficient and qualified resources are assigned to the EHS program.
- A process for maintaining drums, storage tanks and other storage containers to prevent water or soil contamination or accidental discharge to the environment and a process to remedy any immediate or existing contamination.
- A process to ensure proper treatment of chemical or process waste water prior to discharge.
- A process to ensure safe handling and appropriate disposal or recycling of waste.
- An EHS training program for new and existing employees.
- An emergency action program for each of its manufacturing locations covering events such as fires, medical emergencies, weather/natural disasters, spills and air releases.

3.4 Transportation:

3.4.1 *Transportation Laws.* HCL suppliers are expected to comply with all applicable local, country and international laws and regulations governing the transportation of goods and materials.

3.4.2 *Transportation Practices.* If handling Hazardous Materials, suppliers are expected to be trained, tested and certified to package, mark, label and ship Hazardous Materials as required by law.

- European ADR/RID Agreement for the International Carriage of Dangerous Goods by Road
- European Agreement on International Carriage of Dangerous Goods by Road (ADR): http://www.unece.org/trans/danger/publi/adr/adr_e.html

** Hazardous material/dangerous good means a substance or material that has been determined by a regulatory agency to be an unreasonable risk to health, safety, and property when transported in commerce and which has been so designated. The terms hazardous material, regulated material and dangerous good are used by various regulatory agencies around the World.*

3.5 Labour and Human Resources:

3.5.1 *Labour Laws.* Suppliers are expected to comply with all local country labour and human resource laws and regulations, including those related to wages, hours worked, working conditions and child labour.

3.5.2 *Labour and Human Resource Practices.* Suppliers are expected to adopt sound labour and human resource practices and treat their workers fairly. Specifically:

- *Employment Practices.* Suppliers must hire and employ workers in compliance with applicable laws. Wages, benefits, and working hours are expected to be fair and reasonable in the local labour market.
- *Child Labour.* Suppliers must comply with the applicable local laws with regard to the minimum hiring age for employees. If no such law exists or if the existing law permits the hiring of child labour younger than 18 years of age, the supplier may

not employ child labour under 16 years of age to work on HCL projects. The supplier may hire child labour between 16 and 18 years of age to work on HCL projects only if the supplier implements and maintains, in addition to the general standards for environmental, health and safety identified above, all working conditions needed to adequately protect the safety and health of each such child.

- *Forced Labour.* HCL expects suppliers to not use labour that is a result of mental or physical coercion, physical punishment, slavery or other oppressive labour conditions. Suppliers and their employees cannot engage in any form of human trafficking. This prohibition includes not only forced labour and other forms of coercive conduct but also the recruitment, harbouring, transportation, provision, or obtaining of persons for commercial sex acts and the legal or illegal procurement of sex acts for anything of value.
- *Discrimination.* Suppliers must respect the right of every person to participate in all aspects of employment without regard to their personal characteristics or beliefs (for example, their race, religion or sex). Suppliers' policies and practices should result in employment decisions being made on the basis of workers' ability to do the job, and not on their personal characteristics or beliefs.
- *Freedom of Association.* Suppliers must respect workers' right to associate freely, in compliance with existing local laws and without intimidation, reprisal or harassment.

3.6 Materials Supplied to HCL:

Suppliers are expected to comply with all applicable local, country, and international laws regarding material content for the materials supplied to HCL. At HCL's request, Suppliers are expected to provide to HCL reports on the occurrence of substances in any materials supplied to HCL that may be restricted by, or require disclosure to, governmental bodies, customers and/or recyclers.

3.6.1 Conflict Minerals. Suppliers are expected to supply materials to HCL that are "DRC conflict-free." "DRC conflict-free" means (1) any "conflict minerals" (gold, columbite-tantalite, also known as coltan, cassiterite, wolframite, or their derivatives tin, tantalum or tungsten (collectively the "3TGs")) necessary to the functionality or production of supplied materials do not directly or indirectly finance armed groups through mining or mineral trading in the Democratic Republic of Congo or an adjoining country, or (2) any 3TGs in supplied materials are from recycled or scrap sources.

2. Suppliers are expected to adopt policies and management systems with respect to conflict minerals and to require their suppliers to adopt similar policies and systems. See Conflict Materials policy page on our website for further information.

3. Conflict minerals are from "recycled or scrap sources" if they are from recycled metals, which are reclaimed end-user or post-consumer products, or scrap processed metals created during product manufacturing. Recycled metal includes excess, obsolete, defective and scrap metal materials that contain refined or processed metals that are appropriate to recycle in the production of tin, tantalum,

tungsten, and/or gold. Minerals partially processed, unprocessed, or a "bi-product" from another ore are not included in the definition of recycled metal. Item 1.01(d)(6) for Form SD, 77 Fed. Reg. 56274, 56364 (Sept. 12, 2012).