



## Supply Chain Guiding Principles and Social Responsibility Policy

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### SCOPE

Applies to material suppliers Whirley Industries, Inc., dba Whirley-DrinkWorks!.

### COMPANY COMMITMENT

Whirley-DrinkWorks! values its reputation for conducting business honestly and with integrity. For more than 60 years, we have prided ourselves on doing business the right way. The company, therefore, strives to select suppliers who demonstrate the principles outlined in this code of conduct, and further, suppliers who replicate these principles down the supply chain.

### CORE POLICIES

#### *Supplier Labor Policy*

Whirley-DrinkWorks! uses fair employment practices and strives to provide a safe and productive work environment for its employees and contract workers. Whirley-DrinkWorks! Shall make an effort to request reasonable lead times, and to balance purchased product production in order to limit excessive working hours for the supplier's employees. The company expects its suppliers to also maintain fair employment practices—specifically:

1. Fair working conditions
  - a. Suppliers are expected to adhere to relevant national, state, and regional employment laws, including those related to maximum hours of daily labor, rates of pay, minimum age, privacy, and other fair working conditions. Training for these matters should be provided to the supplier's supervisory staff.
  - b. Communication must be available for employees in their native language.
  - c. Employees must be permitted to leave the premises at any time.
2. Humane treatment
  - a. Equal treatment is required for all employees.
  - b. Discriminatory treatment, abuse, or harassment, whether consciously or unconsciously, will not be tolerated
  - c. It is suggested that employees be able to adjust their schedules to accommodate freedom of religious expression.
  - d. Employees should be treated with respect and dignity.
3. Employees should be provided the freedom of association. Child labor will not be tolerated in our supply chain.
  - a. Employees cannot be less than 15.
  - b. Employees may not be less than region's age minimum, and must not be under the age of compulsory education, whichever is higher
  - c. An ID verification system must be in place.
  - d. A remediation plan is required to be in place, in case an employee is hired in error and is below the minimum age.
  - e. Suppliers are encouraged to provide special protection for young worker's, ages 15-17, including:
    - i. No exposure to toxic materials
    - ii. Health checks provided
    - iii. No heavy lifting
    - iv. No night hours for students
    - v. No over-time hours
    - vi. An agreement should be in place between the student (employee), school, and factory
    - vii. The wage should be same as other employees with same duties

- viii. Signed agreements between the company (supplier) and the employee's parents or guardians are encouraged.
4. Freedom of engagement
    - a. There is a zero tolerance policy for the use of slavery, servitude, bonded labor, forced or compulsory labor, human trafficking, or involuntary prison labor.
    - b. Personal documents belonging to the employees will not be kept by the employers. Workers must have access to their passports and other documents at any time.
    - c. Employees should have the right to collective bargaining and freedom of association without negative repercussions from their employer. Violence, lack of rights, abuse, harassment, and discrimination toward employees will not be tolerated for any reason.
  5. Working hours
    - a. Productivity generally goes down if there is excessive over-time, and therefore, it is suggested that work hours be capped at 60 hours per week. Employees should not be penalized for failure to work over-time hours. Over-time should be consensual and at-will. A regular work week is suggested to not exceed 48 hours per week.
    - b. Employees are encouraged to have one day off per week.
    - c. Employees must have reasonable break times, suggested at a minimum of 20 minutes
    - d. Employees should be offered reasonable sick leave without job loss, and must at a bare minimum meet regional requirements.
  6. Wages and benefits
    - a. All employees must know what they are being paid.
    - b. Workers must be paid for any required activities.
    - c. Minimum wages for the region must be paid, at a minimum.
    - d. Employees should participate in an orientation session, during which their benefits are explained to them.
    - e. Employees should have a written copy of their job description and responsibilities, as well as a written copy of the terms and conditions of their employment.
    - f. Pay discrimination and inequalities for reasons of race, gender, sexual orientation, religion, age, disability, nationality, political group, or social group is not permitted.
  7. Hiring practices:
    - a. Suppliers are asked to exercise diversity when selecting employees and subcontractors.
    - b. Temporary or contract employees should not be used as a long term means of meeting work demand, i.e., while temporary labor is permitted, it is discouraged to classify a worker as temporary help for a long period of time, thus potentially denying them of benefits.
    - c. Pregnancy tests shall not be used in pre-employment screening or hiring practices.
  8. Employee Performance: Suppliers are encouraged to conduct performance reviews with employees and subcontractors annually. The process for fairly assessing an employee's performance should be documented and consistently followed.
  9. Records: Fair labor compliance documentation is required to be released to Whirley-DrinkWorks or an authorized inspector or Fair Labor Association representative without prior written notice.

### ***Supplier Health and Safety Policy***

Whirley-DrinkWorks! holds its employees health and safety in the highest regard, and as such, also expects its suppliers to have rigorous systems in place to safeguard their employees.

1. Occupational safety
  - a. Methods to control hazards
    - i. Elimination – remove the hazard at the source whenever possible
    - ii. Substitution – use of substitute products vs. hazardous products is preferred, but substitute products need to be evaluated for safety and effectiveness. For example, if a plant-based solvent may be used vs. a harsh chemical, the use of the plant based solvent should be evaluated.
    - iii. Engineering controls – steps should be taken to reduce or prevent hazards from coming in contact with employees. Considerations may include protective barriers or workplace modifications.

- iv. Administrative controls – implementation of practices that reduce risk to workers should be considered, such as job rotation, rest breaks, and limiting access to hazardous machines or areas.
    - v. Personal Protective Equipment (PPE) – work areas and functions are to be assessed to determine where and when PPE is required, and what types of PPE are required. National safety regulations for PPE must be followed.
  - b. Procedures for working safely are needed for:
    - i. Buildings
    - ii. Chemicals
    - iii. Fall hazards
    - iv. Electrical and energy sources
    - v. Vehicles
    - vi. Fire
    - vii. Confined spaces
    - viii. Hot work permit system
    - ix. Lock Out Tag Out (LOTO)
- 2. Industrial hygiene
  - a. Licenses and permits must be in place, current, and displayed as required
  - b. Testing reports must be kept on file for relevant testing required in the region, such as air and water quality.
  - c. A chemical register must be kept, with details about the safety of the chemical and what to do should ingestion, misuse, or unintended exposure occur.
  - d. Risk assessments should be completed when process changes occur.
- 3. Emergency preparedness
  - a. Possible emergency situations should be identified, and the risk assessed.
  - b. Develop response procedures to each type of emergency situation
  - c. The following key measures must be in place and documented
    - i. Automatic fire detection, alarms, and suppression
    - ii. Emergency response teams
    - iii. Maintained emergency exits
    - iv. Emergency lighting
    - v. Visual alarms
    - vi. Emergency evacuation and response preparedness
- 4. Occupational injury and illness – the following guidelines should be followed, in addition to regional regulatory requirements.
  - a. Reporting – injuries and illnesses as a result of a workplace event are to be reported and documented
  - b. Risk assessment – a risk assessment of the incident should immediately be conducted to ensure that additional workers are not affected. Work areas or machinery should be shut down if a serious risk is present.
  - c. Investigations – each safety incident should be investigated to determine the root cause of the incident.
  - d. Root cause – once the root cause has been identified, corrective measures should be put in place to prevent recurrence
  - e. First aid – if needed, first aid should be administered by trained first responders
  - f. Back to work process – if the employee misses work as a result of the workplace injury or illness, the company and employee should work together to determine when or if the employee may report back to work. Employees may not be forced to sign a waiver of good health or a release to their rights due to an occupational injury or illness. Employers may not threaten to withhold benefits without signature.
- 5. Physically demanding jobs: develop controls for physically demanding work.
- 6. Machine safeguarding
  - a. Pre-use assessment – new machinery should be reviewed for safety concerns such as pinch points, entrapment, and other hazards before put into use, and safeguarding measures should be put in place prior to use.

- b. Licensing and permits – any required licensing and permits for machinery or operators must be in place and documented before the equipment is used.
  - c. Guarding – machine guarding must be in place to protect workers from hazards such as pinch points, tripping hazards, flying parts, sparks, and other sources of potential injury.
7. Food, sanitation, and housing – in the event that housing and food is provided for workers, appropriate and adequate safety, nutritional, and sanitation measures must be taken.
  8. Health and safety communication must be provided in the language of the workers.

### **Supplier Environmental Policy**

Whirley-DrinkWorks! strives to manage its businesses in a sustainable and responsible way. We seek to do business with suppliers who share our concerns for and commitment to sustainable business practices. At a minimum, suppliers must meet all applicable environmental rules, regulations and laws in the countries where they do business. In addition, Whirley-DrinkWorks! will seek business relationships with suppliers who go beyond legal compliance and consistently look for new and better ways to conserve resources, reduce pollution and waste, and enhance the communities in which they operate.

1. Environmental permits, recordkeeping, and reporting must be in place for the following, in accordance with regional requirements.
  - a. Air emissions
  - b. Operating permits
  - c. Generation of waste
  - d. Wastewater discharge
  - e. Hazardous materials storage and use
  - f. Storm water exposure
2. Pollution prevention and resource reduction efforts are encouraged in the following areas.
  - a. Air emissions
  - b. Solid waste
  - c. Hazardous substances
  - d. Materials reduction
  - e. Water management
  - f. Energy consumption and greenhouse gas emissions
  - g. Conservation measures
3. Hazardous substances
  - a. An inventory of all hazardous substances should be documented, and must meet regional requirements.
  - b. A process must be in place to review and add new hazardous substances to the list. Consideration to PPE, proper use, ventilation, and potential risks should be addressed before the materials are used.
4. Solid waste - efforts should be in place to control and reduce the level of solid waste, through sustainable sourcing, recyclable packaging, and other appropriate means.
5. Water management – in addition to ensuring that the supplier is not contributing to water pollution, and that water used is not contaminated, the supplier should make efforts to conserve water where applicable and appropriate. A water management program should be in place detailing the source of the water, efforts to reduce usage, details about the discharge of water, and confirmation that applicable regulations are met.
6. Emergency response plan
  - a. An emergency response plan is strongly recommended to be in place, in order to guide the supplier through identifying hazards, and the company's particular vulnerability to hazards. It should serve as a framework for how the company will respond and cope with disasters and emergency situations.
  - b. The response plan should include: prevention, mitigation, preparedness, response, and recovery details.
  - c. Communication plans should be in place, and should include how the company will communicate with employees, customers, suppliers, and other key stakeholders in the event of an emergency.
  - d. Steps must be taken to protect private information like employee documents and sensitive customer information during an emergency.

7. Materials restrictions
  - a. Compare product specifications with requirements
  - b. Should have records of chemical composition
8. Harmful air emissions should be reduced as much as possible, and must always be within acceptable regional limits. Harmful air emissions include:
  - a. Volatile organic compounds
  - b. Aerosols
  - c. Corrosives
  - d. Particulates
  - e. Ozone depleting chemicals
  - f. Combustion byproducts
  - g. Methods should be in place to track and measure energy consumption and greenhouse gas emissions, and programs to reduce energy usage and greenhouse gas emissions are highly encouraged.

### ***Supplier Ethics Policy***

Whirley-DrinkWorks! expects its suppliers to do business in an ethical and transparent manner.

1. Bribery
  - a. Suppliers must not offer bribes, kickbacks or improper payments of any kind to government officials or other third parties for the purpose of obtaining or retaining business or gaining an improper advantage.
  - b. Suppliers are required to comply with the U.S. Foreign Corrupt Practices Act as well as local anti-bribery laws in each jurisdiction in which they do business.
  - c. Suppliers are encouraged to have a policy in place, covering what type of friendly gifts and amounts are acceptable, and would not be considered bribery.
  - d. Whirley-DrinkWorks! has a zero tolerance for bribery.
2. Disclosure of information
  - a. A monitoring system should be in place to ensure that bribery and other ethical violations are not present
  - b. Recordkeeping and transparency is important. If a violation is detected, Whirley-DrinkWorks! must be informed immediately.
3. Protection of Intellectual Property – customer, supplier, and product information must be protected, and may not be shared without written approval from the intellectual property owner.
4. Fair business practices are expected from suppliers. Suppliers cannot work together with competitors and fix prices. Advertising must be truthful.
5. Protection of identity must be provided for individuals who raise ethical, legal, moral, or other concerns.
  - a. No retaliation will be permitted.
  - b. Means of anonymous reporting should be available.
6. The supplier is expected to maintain a privacy policy, detailing what information is collected from employees, customers, suppliers, and other partners, how it is used, and how and to whom it is shared.
7. Responsible sourcing of raw materials is expected, and conflict minerals may not be present in the supplier's production process or its own supply chain.
8. Land Management
  - a. Suppliers are discouraged from disrupting the lifestyles of any nomadic or local inhabitants.
  - b. Land used by the supplier should be checked for prior claims or titles, and the supplier is expected to obtain all required permits, licenses, and titles for land use.
  - c. If the land used by the supplier has any important cultural impact to the community, efforts to maintain the cultural value are encouraged.
  - d. The supplier's site should not limit or exclude the use of important natural resources to the local community, nor should it negatively impact these natural resources through pollution or contaminants.

## REGULATIONS

All suppliers are expected to adhere to all local, regional, state, and federal regulations.

## RESPONSIBILITY TO MONITOR, ENFORCE, AND ADDRESS COMPLIANCE

1. Supply Chain Director
  - a. Maintains the Supply Chain Guiding Principles and Social Responsibility Policy
  - b. Maintains the Supplier Code of Conduct and ensures that it is addressed with all new suppliers during the qualification process
  - c. Addresses any compliance issues found during supplier qualification screenings (OFAC and BIS), supplier self-assessments, or third-party social compliance audits, and ensures that corrective action measures are put in place. Enforces cessation of business with suppliers who are found to have violations on zero tolerance issues like the deliberate use of child labor, bribery, and physical abuse. Ensures that appropriate corrective action plans are in place for any assessment findings.
  - d. Conducts the Human Rights Risk Assessment, along with designated personnel.
2. Director of Quality
  - a. Reviews third party social compliance audits, and reviews audit findings with Supply Chain Director.
3. Ensures that current third-party social compliance audits are in place for high risk suppliers, currently defined as suppliers in Asia or Africa. Speed 2 Market
  - a. The Whirley Family of Brands retains a contract service, Speed 2 Market, to aid with the management of our suppliers in Asia and other foreign markets.
  - b. Speed 2 Market personnel are frequently present in the supplier's factories, and have a chance to interact with workers, and observe behavior and working conditions. Any concerns identified by the Speed 2 Market team are to be reported to the President of DrinkWorks and EasyGo, and reviewed by the Social Responsibility Team.
4. Social Responsibility Team
  - a. Director of HR, Director of Quality, Supply Chain Director, Sales Operations Team Leader, Supply Chain Project Coordinator; President of DrinkWorks and EasyGo - optional
  - b. The Social Responsibility Team will meet annually and review the Whirley Industries, Inc. Human Rights Risk Assessment, and will review any issues found during supplier self-audits, third-party audits, or factory visits. The Social Responsibility Team will issue a corrective action request / remediation plan from the supplier to address these issues.
  - c. If a supplier compliance or social responsibility concern surfaces at any time, the Social Responsibility Team will issue a corrective action request / remediation plan from the supplier.

## HUMAN RIGHTS RISK ASSESSMENT

1. A Human Rights Risk Assessment will be conducted by Whirley-DrinkWorks! annually, and will include a subset addressing compliance within the supply chain. The assessment will be completed by a cross functional team.
2. A subset of suppliers listed in our Approved Supplier List are required to perform annual Human Rights Risk Assessments. The subset includes all material suppliers for Whirley. Self-assessments are acceptable. Suitable alternative social responsibility audits may be accepted in lieu of the Whirley-DrinkWorks! form. The Supply Chain Director will make that determination.
3. Any material supplier located in Asia or Africa will be required to have an acceptable third-party social compliance audit in place.

## **TRAINING AND SOCIAL RESPONSIBILITY**

1. Whirley-DrinkWorks! is a member of the Fair Labor Association, and Social Responsibility training is conducted by that organization. At least one TeamMate will be certified, or working through the certification process.
2. Suppliers are sent copies of our Supply Chain Guiding Principles and Code of Conduct annually.

## **SUPPLIER REMEDIATION**

1. If a violation of the Code of Conduct or Supply Chain Guiding Principles and Social Responsibility Policy occurs, a corrective action plan / remediation plan will be requested by the Social Responsibility Team.
2. The team will clearly identify the nature of the problem.
3. The supplier will be required to respond with corrective actions, a realistic and reasonable timeline for the corrections to occur, who will be responsible for implementing the plan, and how to prevent future recurrences.
4. The supplier's response should typically be received within 10 business days.
5. The supplier should present quarterly verification that the corrective actions have been completed, and that sustained improvements are in place.
6. The Social Responsibility will be required to approve the remediation plan and the supplier's documented progress. Records will be kept by the Supply Chain Director.
7. Should a supplier fail to comply with the corrective action request and complete the required improvements, the Social Responsibility Team may recommend terminating the relationship with the supplier.