

SUPPLIER CODE OF CONDUCT

VERSION 1 - JANUARY 2019



Vernet Group is a global leader in thermostatic solutions for different markets. We take pride in contributing to global sustainability by technologies that improve quality of life for people and care for the planet.

As a company operating across cultures and traditions, in a wide range of jurisdictions with their own laws and regulations, we are dedicated to sustainable business practices.

As an important part of our journey to achieve this, we are committed to developing a culture that supports and respects global human rights, labor rights, environmental best practice and scrupulous business honesty. It follows that we expect all our employees to comply with the law and act ethically at all times.

Just as we stipulate standards of ethical practice for ourselves in a formal Code of Conduct, we have a Supplier Code of Conduct that establishes related requirements for all of our suppliers. We expect them to share our approach to ethics, human rights and environmental protection.

We believe this is essential in building and developing trusting relationships. Vernet Group is a company with strong values, high ethical standards and a reputation built on honesty and integrity. This Supplier Code of Conduct reflects Vernet Group's Code of Conduct in extending our standards of good business ethics to our supply chain.

We always expect suppliers to comply with applicable national and international laws and regulations, as well as internationally recognized human rights. We expect Vernet Group suppliers to comply with the Vernet Group Supplier Code of Conduct. This Supplier Code of Conduct is in addition to besides applicable laws and general principles of law built on the UN Guiding Principles on Business and Human Rights, the UN Global Compact and the International Labor Organization (ILO) Conventions.

Benoît HALARD
CEO VERNET GROUP

Lionel LE PLUART
Purchasing Director

We expect Vernet Group suppliers to have the necessary procedures and systems in place to comply with this Code of Conduct.



Human rights and labor practices

1 / CHILD LABOR AND EMPLOYMENT OF MINORS

Suppliers shall not recruit or employ child labor. The minimum age of workers shall be 15 years or the minimum age set by the national laws in the country of manufacturing. Employees below the age of 18 or legal minimum age, may only be employed for non-hazardous work and shall not be employed during night hours. Workers under the age of 18 may not perform work likely to jeopardize their health, safety, or education.

2 / FORCED LABOR

Suppliers must not participate in human trafficking ; use forced, involuntary, or slave labor; or purchase materials or services from companies using forced, involuntary, or slave labor. They must be able to certify that materials included in their products comply with the slavery and human trafficking laws of the country or countries in which they do business.

3 / COMPENSATION & WORKING HOURS

The supplier shall ensure that working hours, including regular working hours overtime, days of rest and breaks, are compliant to regulations in the relevant country.

Overtime hours shall be within the limits of applicable laws and regulations, or a total of 60 hours per week including both regular and overtime hours, whichever is the lesser. All persons shall be entitled to an uninterrupted weekly rest period of no less than 24 hours in the course of each period of seven days.

4 / HIRING & EMPLOYMENT PRACTICES

Suppliers' hiring practices must include verification of workers' legal right to work in the country and ensure that all mandatory documents, such as work permits, are available.

Vernet Group suppliers are expected to support diversity and equal opportunity in their workplaces. Suppliers must also prohibit discrimination based on race, color, gender, nationality, age, disability, union membership, maternity, sexual orientation, or marital status.

Human rights and labor practices

5 / HARASSMENT

Vernet Group suppliers must treat all workers with respect and dignity. They may not subject workers to corporal punishment, physical, sexual, psychological, or verbal harassment or abuse. Suppliers may not use monetary fines to discipline employees.

In addition, suppliers must provide an environment that allows employees to raise concerns without fear of retaliation. Where it is allowed by law, suppliers should have a system that allows employees to anonymously report their concerns.

6 / FREEDOM OF ASSOCIATION

Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues.

However, suppliers must respect the right of workers to associate freely, form and join workers' organizations of their own choosing, seek representation, and bargain collectively, as permitted by and in accordance with applicable laws and regulations. Workers will be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment.

7 / WAGES AND BENEFITS

The supplier shall provide wages and benefits that comply with applicable laws and regulations and/or applicable collective bargaining agreements in the relevant country, which includes basic wages, benefits and overtime. Wages shall be paid on time and within the timeframe and form agreed, or following local laws and regulations. Deductions shall always be transparent and never used as disciplinary measures.

Health & Safety

Suppliers must provide workers with a safe and healthy work environment. They should take proactive measures that support accident prevention and minimize health risk exposure.

This includes, as a minimum, that safety incidents and accidents are recorded and that suppliers pro-actively work on reducing hazards beyond the legal obligation, if relevant, to protect the health and safety of employees.

Hazards include, but are not limited to, occupational health and safety, emergency readiness, and access to clean water, sanitation and hygiene facilities.

Environment

Suppliers are expected to conduct their operations in a way that minimizes the impact on natural resources and protects the environment, customers, and employees. Suppliers must proactively manage their major environmental risks and most relevant aspects (e.g. materials/packaging, energy, water, emissions/effluents). Mapping of major risks and identification of most relevant aspects should induce the implementation of actions to reduce these risks and neative environmental impacts.

They must ensure their operations comply with all laws related to air emissions, water discharges, toxic substances, and hazardous waste disposal. They must maintain sufficient knowledge of input materials and components to ensure they were obtained from permissible sources, in compliance with laws and regulations including, the prohibition and restriction of substances, including hazardous sub- stances (REACH, ROHS, IMDS, etc..)

Business ethics & integrity

1 / GIFTS & GRATUITIES

Suppliers must not offer gifts to Vernet Group employees. This includes gifts of nominal value. Although giving gifts is acceptable in some cultures, Vernet Group requests that suppliers respect its policy of not accepting gifts.

2 / IMPROPER PAYMENTS

Bribes, kickbacks, and similar payments are strictly prohibited. This ban applies even when local laws may permit such activity. Employees, suppliers, and agents acting on behalf of Vernet Group are strictly prohibited from accepting such considerations under any circumstances.

3 / FAIR COMPETITION

Suppliers will conduct their business in line with fair competition and in accordance with all applicable anti-trust laws.

4 / CONFIDENTIAL INFORMATION AND INTELLECTUAL PROPERTY

Proper management of confidential information is critical to the success of both Vernet Group and suppliers. Suppliers must protect all Vernet Group information, electronic data, and intellectual property with appropriate safe-guards. Any transfer of confidential information must be executed in a way that secures and protects the intellectual property rights of Vernet Group and its suppliers. Suppliers may receive our confidential information only as authorized by a confidentiality or non-disclosure agreement and must comply with their obligations to not disclose the confidential information, to not use the information except as permitted by the agreement, and to protect the information from misuse or unauthorized disclosure. Our suppliers can expect Vernet Group to similarly safeguard their confidential information when authorization is provided to Vernet Group. Suppliers may not use the VERNET, CALORSTAT and CALTHERM trademark, images, or other materials to which Vernet owns the copyright, unless explicitly authorized.

5 / MATERIAL COMPLIANCE AND CONFLICT MINERALS

Suppliers shall ensure that all goods delivered to Vernet Group comply with all applicable laws and regulations regarding the prohibition and restriction of substances, including hazardous substances and conflict minerals; and upon request and in a timely manner provide to Vernet Group relevant and reasonable information about the substances in the delivered goods.

Continuous improvement

1 / SUPPLIER MANAGEMENT SYSTEM

Suppliers are expected to have a management system that ensures they comply with applicable laws, regulations, and Vernet Group policies, conform to this Supplier Code of Conduct and identify and reduce operational risks related to this code. The system should also promote continuous improvement and compliance with changing laws and regulations for Health, Environment and Integrity business.

2 / COMMUNICATION

Suppliers are expected to assist Vernet Group in enforcing this Supplier Code of Conduct by communicating its principles to their supervisors, employees, and suppliers.

3 / SUPPLY CHAIN TRANSPARENCY

Supply chain transparency is required to confirm compliance to this code of conduct. Upon request by Vernet Group, suppliers will provide appropriate documentation to confirm that this code of conduct is duly implemented.

Vernet Group can terminate the agreement with the supplier due to the seriousness of an issue or repeated non-compliance with the Vernet Group Supplier Code of Conduct.



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