

# Corporate Social Responsibility

## Yantai Profstone's Code of Conduct – Suppliers

Yantai Profstone Import & Export Com., Ltd (hereafter “Profstone”) wishes to take joint responsibility for a sustainable development on local, regional and international level by making demands on our main suppliers and sub-suppliers (hereafter “suppliers”) all through the supply chain.

Profstone's Code of Conduct builds on the Chinese Labour Laws, Chinese Contracts Laws and relevant laws and regulations. It forms the foundation for our systematic work improving our own conduct and the conduct of our suppliers to ensure that goods and materials are produced under socially responsible conditions.

This means that we have defined a number of general, realistic requirements to the conduct of our suppliers with a strong focus on social well-being, including pay and employment conditions, ethics, environment and safety, pollution and energy consumption and, lastly, initiatives directed at education and staff training.

Profstone wishes to be recognized as a company that conducts itself properly and decently and recognizes a corporate and social responsibility in the global market. The implementation will take place in close cooperation with our customers, suppliers and other business partners.

To obtain the formal status of approved supplier to Profstone, suppliers must conduct themselves in accordance with this Code of Conduct.

Profstone focuses on the following areas throughout the supply chain:

### **1. Prevention of child labour**

Profstone requires that our suppliers comply with current national and international rules against the use of child labour, and we support the general rule that children below the age of 16 years should not be allowed to work.

We also require our suppliers to comply with regulatory requirements to safety and training/instruction, particularly provisions prohibiting children from working with dangerous machinery and equipment and dangerous substances and chemicals etc. – especially in connection with granite extraction and manufacturing processes.

### **2. Forced Labour**

Profstone does not tolerate the use of force, threats, punishment or other disciplinary and coercive measures with the purpose of forcing workers into labour or restraining them. This also includes slave-like employment conditions or human trafficking.

Finally the employees of our suppliers shall be entitled to freely leave their place of work when needed – i.e. at the end of the workday, in connection with weekends off work, holidays etc.

### **3. Non-discrimination**

Profstone has a fundamental expectation that our suppliers treat their employees with respect and dignity and without discrimination. This means that suppliers shall not engage in discrimination on the basis of gender, race, ethnic origin, skin colour, religion, political affiliation, union membership, sexual orientation, age, disability and other distinguishing characteristics.

Profstone also expect suppliers to act in a non-discriminatory manner as regards employment law and to comply with relevant regulations in force. This means that all matters pertaining to hiring, dismissal, transfer, promotion, wage and working conditions etc. shall be based on relevant and objective criteria.

### **4. Freedom of association and the right to collective bargaining**

Profstone's suppliers shall recognise and respect the right of employees to freely organise, bargain collectively and join trade unions without intervention by the management board.

In brief, Profstone will not tolerate that our suppliers discriminate employees on the basis of their affiliation with certain organisations or unions, or because they act as union representatives or hold other positions of trust.

### **5. Health and safety environment, including particularly granite dust, noise and vibrations**

Profstone expects the supplier to make an active effort to improve the working and safety environment for its employees. Health and safety education and training must therefore be a high priority with our suppliers, and safety and environmental instructions must be visible and implemented with the staff, including use of personal safety equipment. Particularly important is the use of safety equipment in connection with dust, noise and vibrations as well as safety precautions in connection with machine operation, lifting and transportation of heavy objects etc. – and that the necessary precautions are taken during granite blasting in the quarries.

Our suppliers shall use the production method in the production process that offers the best protection for their employees while also safeguarding the surrounding environment. Regardless of production method, it is very important to underline that necessary safety precautions and personal safety equipment must be used.

Suppliers shall adopt or establish a management system designed to describe and regularly monitor these working processes to facilitate continuous improvement.

**6. Conditions of employment, including working hours, minimum wages and remuneration for extra work etc.**

The supplier shall ensure that the employment relationship of its employees complies with national and international rules and regulations, including the requirement of written employment contracts, minimum wage compliance, overtime pay etc. Furthermore, Profstone requires compliance with international working time rules, including a maximum workweek of 48 hours, and overtime shall not exceed 12 hours per week.

**7. Prevention of accidents and increased efforts for health-promoting initiatives**

Profstone requires the supplier to establish and continuously maintain a health-promoting and preventive training programme for its employees that enables them to safely perform their job functions.

In concrete terms, the supplier shall ensure that its employees are offered the education, training and instruction necessary to perform their work in the optimum way, including information and procedure description of the accident risks and health hazards that may be associated with their work.

All costs shall be covered by the supplier, and education and training activities shall take place during normal working hours.

As part of the health-promoting initiatives the supplier shall also provide a suitable and sanitary infrastructure, which conforms to the needs of its employees and is adequate to its numbers.

**8. Environment and climate protection, including initiatives for the prevention of pollution and reduction of energy consumption**

Profstone's suppliers shall be committed to continuously work with concrete initiatives aimed at reducing the impacts, including air and water pollution, of granite production on the local, the immediate and the global environment.

Consequently air, water and noise pollution and energy consumption are areas that are constantly subject to improvement activities aimed directly at reducing environmental impact.

Such requirements to reduce and minimise air pollution means that our suppliers must demonstrate that they have proactively sought to reduce air pollution by substances that are harmful to the environment and contribute to climate changes and/or are harmful to the health of their employees.

Profstone believes that with the implementation of this Code of Conduct, the company contributes to increased responsibility at all levels and in all links of the supply chain for the common benefit of all parties.