



Last Revision: November 2009

### **Social Compliance Administrative Procedures**

Sunbeam Products Inc. d/b/a Jarden Consumer Solutions (JCS) and its affiliates have adopted a comprehensive Social Compliance Program to ensure that we all operate within the highest standards of business ethics and in accordance with all applicable laws and regulations. Our commitment to enhance corporate social responsibility will protect employee safety, employee health, and the well-being of the global community.

JCS Social and C-TPAT Compliance Administrative Procedures play a crucial role in the successful achievement of all linked pertinent processes to achieve compliance. Such procedures should facilitate our tasks, and should bring the coordination and cooperation needed to fully incorporate in our business relationship a “Best Business Practices” concept that is worthy to live by.

Please, acknowledge the following procedures for Social and C-TPAT audit requirements:

#### **Supplier Selection Process:**

The selection process for our suppliers has been set up to integrate social compliance standards with the supplier pre-qualification and approval process to further drive social compliance and to help source from suppliers that pose the least amount of risk to our organization.

All Jarden Consumer Solutions (JCS) new suppliers are required to complete, sign and return the following documents within 10 working days from the date of notification received: Memorandum of Understanding SC, C-TPAT, and ISA (To sign and return), C-TPAT Questionnaire (To complete and return), JCS SC Pre-Audit Questionnaire (To complete, sign, and return) and provide a copy of factory's business license.

Once JCS Sourcing Team completes a supplier profile and if they want to pre-qualify a supplier, the initial documents will then be distributed by JCS EHS & Social Compliance Office. Upon receipt of said documents, the JCS EHS & Social Compliance team will review the documents and schedule audits based on sourcing needs.

In addition, all suppliers are required to visit our website using the link: <http://www.jardencs.com/Sustainability.aspx> to download the following documents and get familiar with our expectations.

- Social Compliance Administrative Procedures
- Jarden Code of Conduct
- Supplier Handbook

#### **Audit Scheduling**

Upon receiving the required documents, the JCS compliance office will make an assessment of the factory's compliance infrastructure and based upon sourcing expectations, an initial onsite audit will be scheduled which will be completed by JCS internal team or external JCS approved third-party audit firms (*Intertek Testing Services (ITS)* or *Social Compliance Service Asia (SCSA)*).

When an audit is scheduled the factory is notified of the audit date by the JCS-approved third-party audit firm according to the request initiated by JCS EHS & Social Compliance Office. If for any reason the audit cannot be conducted on the requested date, the factory must provide to JCS Compliance office within 48 hours of the notification, a written statement briefly describing the reason(s) for this unavailability and a reasonable one-week window date for the audit rescheduling date.

### **Audit Result and Corrective Action Plan**

After the compliance audit is completed, a Corrective Action Plan (CAP) will be provided to the supplier. Each CAP will highlight the audit findings and provide a recommended corrective action which the supplier will need to complete to have the issues resolved. The severity (No Exceptions Item, Immediate Resolution Item and Ongoing Improvement Item) of the violation will dictate the timeframe that will be required to correct the issue.

### **Audit Cancellation Policy**

After an audit date is confirmed, any additional request for an audit cancellation must be sent directly to the audit firm, which will notify JCS Compliance Office for an approval.

1. Any cancellation request by the factory to reschedule the audit date, if submitted 5 days or less prior to the audit date, will result in a 50% charge of the full audit fee to the factory.
  2. Any cancellation request to reschedule the audit date, if submitted 2 days or less prior to the audit date, will result in the full audit fee being charged to the factory.
  3. Any cancellation and/or denial of inspection on the audit date will result into the factory being charged the full audit fee, including any incurred travel expenses.
- Unannounced audits may be conducted at any time at JCS discretion, and the factory is responsible to update JCS of any change of address regarding all production facilities engaged in the manufacture of JCS products. Any denial of inspection will be graded as a "failed audit", and may result in termination of the supplier's business relationship with JCS.

### **The Audit Rating Definitions**

#### **No Exceptions Item**

The "No Exception (NE)" rating constitutes a serious violation of our requirements. This type of breach can have a serious impact on a person's individual rights or their safety. NE violations can also have a large impact on JCS's reputation.

JCS will not engage with new suppliers who have No Exceptions violations that have been confirmed by more than one source of information.

#### **Immediate Resolution Item**

The "Immediate Resolution (IR)" rating constitutes a breach in our requirements that results in an impact to individual rights, life safety and to JCS's reputation.

Production will not be initiated with suppliers who have IR violations. If an IR rating is found a follow up audit will be conducted within 120 days at the supplier's expense. This will give the supplier time to resolve the IR issue. If the rating then moves to OI or Acceptable production can be initiated with the supplier.

#### **Ongoing Improvement Item**

The "Ongoing Improvement (OI)" rating is given to highlight health, environmental, safety and labor issues unacceptable under our requirements. These issues can be improved in factories for the benefit of the workers and to also better the reputation and management practices of those factories.

Production can be initiated with new suppliers with OI issues.

Refer to the "Supplier Handbook" for other guidance related to audit item violations.

- Follow-up audits for factories with a 'No-Exception (NE)' item violation deemed worthy of consideration by JCS Compliance Office, will occur within 2 months of the previous audit date. Follow-up audits for 'Immediate Resolution (IR)' rating will occur within 120 days of the previous audit date, or as determined by JCS Compliance Office. Follow-audits for 'Ongoing Improvement (OI)' rating will likely occur within 6

months. Moreover, all audit determinations will be made on a case-by-case basis based on the nature and level of non-compliance risks, the factory's geographic location (high-risk, medium-risk, and low-risk), the type of remediation in place, and the level of confidence in the particular supplier.

- JCS will conduct annual audits at its own expense, but for any continuous non-compliance, the factory will be held responsible for the audit fees until these violations are remedied. Any recurrent violations without any evidence of acceptable progress will be considered a continuous unwillingness to adhere to the Jarden Vendor Code of Conduct, which will require immediate business resolution up to and including termination of the supplier's business relationship with JCS.

#### **Audit-related Payment Process**

- Any applicable audit-related invoice will be sent by the audit firm to the factory with payment instructions. All payment is due upon receipt and must be paid within 30 days. (\*\* A full audit fee is currently \$1400.00 USD\*\*)
- A payment request for audit fees set in accordance with the 'Audit Scheduling' section, is not optional.
- In cases of non-payment related to a forthcoming audit, the audit will be conducted on the scheduled date regardless if payment is received or not, and the factory will be liable for any additional cost related to the late payment.
- Any unpaid audit-related invoice will be sent to JCS Accounting, and a debit memo will be issued to the Supplier / Factory. Any delinquent payment will be reported in the supplier's scorecard, and will be taken into consideration in all future business transacted with JCS.

#### **Audit Process and follow-up requirements**

- The Supplier is responsible to make all necessary arrangements to ensure a successful and effective audit session. The audit process involves: an Opening Meeting, a Factory Tour, a Document Review, a Workers' Interview, and a Closing Meeting.
- A JCS Corrective Action Plan (CAP) form is issued to the factory at the Closing Meeting. This form **must** be completed according to the auditor's instructions, signed, and a copy faxed or e-mailed to the contact(s) identified in the CAP **no later than 10 days** after the audit. JCS reserves the right to demand the immediate implementation of corrective actions after an audit in the event of business urgency, particularly when emerging violations are significant enough to jeopardize its business activities. The supplier must identify and implement clear goals in the CAP, including target dates for any performance measurement during the monitoring process. Any CAP with insufficient details will be rejected.

#### **CAP guidelines:**

**Section A:** State the audit violation(s).

**Section B:** The corrective action(s) required (recommendations from the auditor)

**Section C:** The factory must include achievable corrective actions that will be implemented to resolve the non-compliance. The factory is required to provide a multi-step plan detailing each phase with specific deliverables and successive target dates for violations that require some gradual and extended period for a full remediation, hence highlighting each stage in the CAP.

**Section D:** Enter Target date. This is required for initial evaluation and for measuring improvement.

**Section E:** Responsible Person

**Section F:** Completed (Include (Yes) when corrective action is fully completed, or (No) if it is still in progress)

**Section G:** Enter date of completion only when the non-compliance is fully resolved – Submit also supportive documentation (scanned copies, photos...) for a final evaluation by JCS Compliance Office.

- A CAP update is required on the **1st of each month or other date requested by JCS**, for the proper monitoring of non-compliance with the Jarden Vendor Code of Conduct, for determination of future audit scheduling, and continuing evaluation of the supplier's business relationship with JCS.
- For procedures related to the future use of the electronic version of the CAP, the supplier will gain access to the findings from the audit within the ENABLON Compliance Management System. Upon review of the findings the Supplier will be responsible for adding the Corrective Action Plans to each

finding after the audit session is closed, and will be responsible for accessing ENABLON to address the current CAP's in a timely and adequate manner to update on the status of each CAP (*Additional guidelines will be provided upon the software launch*).

### **Existing Suppliers**

- Factory Scorecards will be completed on Suppliers of JCS on a semi-annual basis by the JCS Social Compliance team. Upon completion the Factory Scorecards will then be provided to the sourcing team. Sourcing team will then be responsible for managing their portfolio of suppliers based upon the risks that have been identified by the JCS Social Compliance team.
- On an annual basis as part of each year's supplier goals there will be an agreed upon percentage that suppliers can fall into in the following buckets: NE, IR, OI, Acceptable. Each year new goals will be created with the ultimate goal of reducing the percentage of suppliers that fall into NE and IR.

These brief guidelines are set forth to improve JCS Social Compliance Program, and the implementation should prevent any administrative complexity. *Jarden Consumer Solutions* looks forward to cultivating a mutually beneficial business relationship with all its Suppliers while promoting growth through the highest ethical standards. Should you have any questions or concerns, refer to the following contacts:

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