



## **Supplier CSR Code of Conduct Compliance Guide**



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## **PMI Mission Statement**

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We are a global company that designs, manufactures, and markets products that enable consumers to enjoy food and beverages everywhere.

We collaborate to apply market knowledge, technological expertise, and social responsibility in developing innovative products and successfully growing our business

## **PMI Corporate Values**

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- Honesty and ethical behavior
- Teamwork and supporting each others' professional efforts and achievements
- Performance and a "Get it done right" attitude
- Each person engaging, contributing, and succeeding
- Trustworthiness
- Partnership and team
- Diversity and respect for the rights and thinking of others
- Creativity and innovation
- Sound financial thinking
- Work life balance
- Our community and the environment

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## **PMI Code of Conduct Policy Statement**

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### **What we believe in and our guiding principles as we move forward.**

PMI is dedicated to doing business ethically and making good business decisions that champion the cause of human dignity and consideration for the environment as embodied in our Code of Conduct standards.

PMI is deeply rooted in human values and committed to ethical behavior, education, sustainability and good business practices. We put our values into practice through our commitment to Corporate Social Responsibility (CSR) and in our operations through our Code of Conduct. We know that “doing business right” is the right way to do business.

Factory Partners are as essential to our business as our customers. As a designer and manufacturer of food and beverage containers we understand the realities of effecting change. We have worked slowly and steadily to insure that our factories are safe and humane places to work. Our factory partners understand that our sincerity for CSR is coupled with realism. We listen to their concerns and work with them to steadily improve.

With the alignment of our CSR and Factory Management Teams in execution of this initiative, we will accomplish our goal to build healthy and profitable businesses throughout our supply chain that adhere to PMI Code of Conduct standards.

PMI requires each of our factories to assign a Factory CSR Manager. PMI has found that this enables the success of the factories with regard to PMI’s Code of Conduct. The Factory CSR Manager will be responsible for compliance issues ensuring that PMI’s Code of Conduct requirements are met and will act as a point of contact for PMI. Details of the Factory CSR Manager must be provided to PMI.

All PMI factories, meaning full assembly, point of final shipment to PMI DC and/or our Customers must be Code of Conduct compliant per PMI Code of Conduct standard. They need to pass third party audits with Yellow or Green status and maintain Yellow or Green status at all times.

All sub-contractors that produce components for our products must be Code of Conduct compliant. We will need to partner with our primary factory owners and management in order to influence the subcontractors who work for them.

Code of Conduct compliant vendors should be given priority when sourcing products outside of our product categories. This includes subcontractors of ancillary products which we understand to mean products such as golf balls or towels that we might source to sell in gift packs with our products

Non-factory partners, i.e., trading companies, packaging/collateral suppliers must be Code of Conduct compliant. “One-time”- opportunistic factories must be Code of Conduct compliant.

PMI expects all of our supply chain partners to provide transparency into their operations, policies, processes and relevant records. We work in partnership with our factories for continuous improvement, working together to resolve issues related to PMI Code of Conduct that impacts both our businesses. Any proposed change from one factory to another or the use of sub-contractors must be approved by PMI before production begins.

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## **PMI / Partner Workplace Code of Conduct**

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This Code must be posted in all major workspaces, translated into the languages of workers and supervisors, and the rights and obligations as defined by this Code and applicable labor laws must be communicated to workers.

PMI is committed to socially and environmentally responsible business practices that assure PMI products are produced under lawful, humane, and ethical conditions.

PMI strongly encourages our suppliers to exceed the standards enumerated in the Workplace Code of Conduct and promote continuous improvement throughout their factories.

While PMI recognizes that there are different legal and cultural environments in which factories operate throughout the world, this Workplace Code of Conduct sets forth the basic minimum requirements all factories must meet in order to do business with PMI.

The Workplace Code of Conduct applies to all factories that produce goods for PMI.

## **PMI Zero Tolerance Issues**

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**Zero Tolerance issues are: Child Labor, Forced Labor, Harassment / Abuse, Minimum Wage and Over Time Wage proper payment per local labor law, and Transparency.**

## **PMI Workplace Code of Conduct**

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### **Child Labor**

No person shall be employed at an age younger than 15, the age for completing compulsory education in the country, or the minimum age established by law.

### **Forced Labor**

There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise including trafficked labor. Overtime work must be voluntary.

### **Non-Harassment / Non-Abuse Policy**

Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological, verbal harassment, or abuse. In addition, employees shall not be subject to monetary fines as a disciplinary practice.

### **Wages and Benefits**

Employers shall recognize that wages are essential to meeting employee's basic needs. Employers shall pay employees at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide all legally mandated benefits. Payment of wages must be per normal and timely cycle based on local law.

### **Overtime Compensation**

In addition to their compensation for regular hours of work, employees shall be compensated for overtime hours at such premium rate as is legally required in the country of manufacture. In those countries where such laws do not exist, employees shall be compensated for overtime hours at a rate at least equal to their regular hourly compensation rate.

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### **Hours of Work**

Hours of work will not exceed (a) the limits on regular and overtime hours allowed by the law of the country of manufacture except under extraordinary business circumstances (b) more than the lesser of 48 hours per week and 12 hours overtime or where the laws of such country do not limit the hours of work, the regular work week in such country plus 12 hours overtime. In addition, except under extraordinary business circumstances, employees shall be entitled to at least one day off in every seven-day period.

### **Health & Safety**

Employers shall provide a safe, clean, and healthy working environment in accordance with all applicable local safety and health regulations to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities. Employers shall provide Personal Protective Equipment free of charge, provide training regarding proper use and importance for health and safety of the worker and mandate its use. Where applicable, Employers who provide residential facilities for their workers must provide safe and healthy facilities that comply with legally mandated standards for health and safety.

### **Environment**

**Employers shall respect the environment and must fully comply with all local environmental laws and regulations to minimize the impact on limited resources**, including and not limited to: holding all permits, reporting certificates, pollution prevention and a hazardous substance policy. All waste materials must be disposed of legally in an environmentally responsible manner. Suppliers must establish and demonstrate safety practices and standards for the identification and handling of any hazardous waste. Any violations or fines must be reported to PMI auditors.

### **Non-Discrimination**

Employment (including hiring, salary, benefits, advancement, discipline, termination or retirement) shall be based upon the individual's ability and not on the basis of their personal characteristics.

### **Freedom of Association and Collective Bargaining**

Employers shall recognize and respect the legal right of employees to freedom of association and collective bargaining.

### **Subcontracting**

Subcontractors shall not be used in the production of products without PMI's prior written approval and only after the subcontractor has agreed to comply with the terms of the PMI/Partner Workplace Code of Conduct.

### **Documentation and Inspection**

Employers must maintain on file all documentation needed to demonstrate compliance with this Code of Conduct. This Code must be posted in all major workspaces, translated into the languages of workers and supervisors, and the rights and obligations as defined by this Code and applicable labor laws must be communicated to workers. Employers agree to make these documents available for designated monitors to inspect upon request, and agree to submit to labor practices audits or inspections with or without prior notice. Failure to comply with this is a breach of transparency.

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## **PMI Code of Conduct Compliance Guide statement**

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This Code of Conduct Compliance Guide provides detailed information that is intended as an aid to implement PMI Workplace Code of Conduct and serve as a guideline for PMI factories daily Code of Conduct Compliance related execution. Full compliance with this Code of Conduct Compliance Guide and PMI Workplace Code of Conduct is essential for realization of PMI's business strategy and policy on Corporate Social Responsibility, which is key to PMI's sustainable success in the future.

## **PMI Code of Conduct Compliance Principles**

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### **Policy**

Compliance with PMI's Workplace Code of Conduct must contain a policy which makes a statement that factory top management has made a commitment to comply and given sufficient support to compliance.

### **Procedure**

Compliance with PMI's Workplace Code of Conduct must contain a procedure which factory management will follow to make sure their practice is in compliance during daily factory operations.

### **Communications and Training**

Compliance with PMI's Workplace Code of Conduct requires communication and training by factory management to all employees regarding policies and procedures needed to be in compliance with PMI's Workplace Code of Conduct. Management should confirm that the policies and procedures are understood and actively engaged by all employees. Training should be provided on a regular basis to all employees in order to keep employees in continuous and sufficient understanding of factory's compliance practice.

### **Practice**

Compliance with PMI's Workplace Code of Conduct requires that practices have been in place which reflect that the factory's current practice has been in compliance at least 3 months, which can be verified through factory's documentations, onsite observation, management team and random workers' interview.

### **Documentations**

Compliance with PMI's Workplace Code of Conduct must contain the records or documentation which documents all factory practice in compliance. All documentation must be readable and understandable. Full transparency is required. False or altered documentation is a Zero Tolerance violation.

### **Consistency**

Compliance with PMI workplace Code of Conduct requires factory's policy, procedure, communication, practice and documentation all are in consistency. The consistency should be, but not limited to factory's payroll, timecard, production records, personal file, workers interview, and onsite observation.

## **Child Labor**

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PMI suppliers should not hire child labor. PMI defines child labor as either below the local minimum working age, or the age of 15, whichever is greater. All PMI suppliers which hire young labor must have documentation on file that shows compliance with local labor law.

### **No Child Labor Compliance Indicators**

1. Understands the definition of child labor in accordance to local laws as well as PMI Code of Conduct Standards.
2. Include “No Child Labor” in company manual.
  - a. Share requirements with hiring agency and labor agents, if applicable.
3. Establish a comprehensive policy monitored by human resources, personnel department, or designated management. Policy includes a clause that no department can hire anyone without going through the channels established.
  - a. No exceptions regardless of permanent, temporary, casual, or trainee workers.
4. Hold management and supervisors accountable for violating local laws.
5. Verify proof of age documentation provided by each applicant prior to hiring.
  - a. Critically examine the authenticity of age documentation.
  - b. Interview the prospective employees to ensure their appearances are close to their identity documents.
  - c. Never hire anyone without proof of age or identity.
6. Each personnel record should at least consist of the following:
  - a. Employee name
  - b. Address
  - c. Date of birth
  - d. Join factory date
  - e. Recent photo
  - f. Copy of identification document such as ID card, birth certificate, passport, driving license, doctor certificate, or school certificate without violating privacy regulations, wherever applicable.
7. All production must be performed in the factory or a controlled environment. This practice assists in ensuring no child labor, proper arrangement for adolescent work and maintenance of proper personnel records for all employees.

### **Legal practice regarding Young labor (Under 18 years old but above minimum working age )**

Understands and complies with working restrictions of adolescent/minor employees including but not limited to job nature, working days, working hours, and overtime hours.

## **Forced Labor**

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PMI suppliers should not use forced or compulsory labor in the manufacturing of products that will be shipped to PMI or its affiliates or its customers. This includes any form of prison labor, indentured labor, bonded labor or any other trafficked persons who are held against their will.

### **Labor Indicators of Compliance**

1. Prison and/or slave labor not used.
2. Labor agents and brokers trained on factory procedures.
  - a. Require the labor agent(s) to disclose labor source(s).

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3. Sign an employment contract with each employee. The terms and conditions must be in accordance with local labor laws and regulations.
  - a. The contract must be written in employee's language and understandable with the employee agreeing to all details in the contract prior to signing.
  - b. Give a copy of the signed contract to each employee.
4. Factory rules or employee handbook is in accordance with local labor laws and regulations.
  - a. Factory rules or employee handbook must be written in language understood by local and migrant employees.
5. Factory rules must be clearly posted in a place visible to all employees and/or distributed to the employees.
6. Workplace and dormitories are not locked for the purpose of restricting employees' movement.
7. Security guards are used to protect the property and personnel in the factory only.
8. Employees must be free to leave the factory at the end of work shift.
9. Employees must be free to leave the dormitory anytime unless there is a curfew in place. The curfew must be of reasonable hours and in place to protect the safety of the employees only.
10. Develop internal procedures to confirm voluntary acceptance of overtime work.
11. Employees must not be penalized in any form for refusing to work overtime. This includes reduction of wages, and threats of dismissal.
12. Do not withhold any employees' original passport, identity document, and/or work permit.
13. Do not require employees to pay any kind of deposit, hiring fee, or training fee.
14. Pay employees on time and in accordance with local labor laws.
15. No wage deductions allowed unless mandatory by law and/or voluntary.
16. Do not hold back portions of employee wages until end of the year or end of contract.
17. Pay employees directly with proof of receipt.
18. Employees that submit resignations with proper notice receive their last pay without penalty.
19. Employees do not have large amount of debt with the factory that may cause excessive deductions and/or penalties.

### **Non-Harassment/Non-abuse practices (Disciplinary Practices)**

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PMI suppliers should not use physical or mental punishment against their employees.

### **Disciplinary Indicators of Compliance**

1. All forms of harassment, corporal punishment, physical and/or mental abuse are prohibited.
2. Managers, supervisors, and security guards are educated on the factory policies that must not include any of the above stated practices.
3. Encourage management and supervisors to take classes that provide training on harassment, awareness, sensitivity to other cultures, corporal punishment, and mental abuse.
4. Has a written policy or plan to address violation(s).
5. Provides a confidential procedure for employees to report harassment, corporal punishment, physical and/or mental abuse that is reviewed frequently.
  - a. Procedure is secure and does not scrutinize employees.

## **Wage and Benefit**

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PMI suppliers should provide wages and benefits in compliance with local laws. We encourage our business partners to commit to the wage and benefit levels that address the basic needs of workers and their families.

### **Fair Wages Compliance**

1. Explain wage structure, compensation, benefits, and pay schedule at the time of hire.
  - a. Include details in the employment contract to be signed by factory management and individual employees.
2. Ensure compensation, benefits, and pay schedules are in accordance with applicable local laws.
3. Minimum Wage must be met in terms of hourly rate and daily rate.
4. Set production target numbers at a reasonable and attainable level.
  - a. Factory cannot pay below minimum wage to employees if target number is not met.
5. Pay deductions are only taken if mandatory by law and/or voluntary.
6. Maintain supporting documentation to prove mandatory deductions in accordance with local laws.
7. Cost of meals and dormitory utilities including electricity and water paid by employee are reasonable and optional.
8. Pay employees directly with proof of payment or receipt.
9. Payroll must be authentic. Calculation of wages must be clearly and accurately stated for each employee.
10. Provide itemized pay stub or pay slip to each employee. If wages are paid electronically, then there still must be documented proof that appropriate payment has been received by the employee.
11. If employees are paid in cash, maintain proof of wage payments or require employees to sign pay log.
12. Keep all wage records for 2 years.

### **Other Benefits**

1. Social benefits should be provided to all employees that are entitled to benefits.
2. All Employers should sign labor contracts in accordance with applicable laws on the first day of employment.
3. Annual leave, maternity leave, sick leave etc. should be provided to employees in accordance with applicable laws or regulations.

## Overtime Compensation

In addition to compensation of regular working hours, PMI suppliers should provide compensation for overtime (OT) hours of work at the premium rate that is legally required in the country of the manufacturer. In those countries where such laws do not exist, employees shall be compensated for overtime hours at a rate that is at least equal to their regular hourly compensation rate.

### Indicator of Overtime (OT) Compensation

1. Compensation rate must follow local legal requirements: In China, 150% of normal wages for working OT hours on normal working days, 200% of normal wages for working OT hours on weekend days, and 300% of normal wages for working OT hours on a statutory holiday.
2. All piece rate work should also be compensated at appropriate overtime compensation:
  - A** = Piece rate x pieces
  - B** = Total working hours (including OT)
  - C** = **A/B** (Hourly rate)
  - D** = **OT hours** in normal days x **C** x 50%
  - E** = **OT Hours** in Weekend days x **C** x 100%

A piece rate worker should be compensated as: **A + D + E**

3. Overtime Compensation for Basic Working Hours System:  
Compensation:
  - A** = Hourly rate
  - B** = Normal working hours
  - C** = Hourly rate x Normal working hours.
  - D** = Hourly rate x OT in normal days x 150%
  - E** = Hourly rate x OT in Weekend days x 200%
  - F** = Hourly rate x OT in Statutory holiday x 300%

The worker should be paid: **C + D + E + F**

4. Overtime Compensation for Comprehensive Working Hours System  
Compensation:
  - A** = Hourly rate
  - B** = Normal hours (2,000 hours) x **A** x 100%
  - C** = Total OT (within 432 hours) x **A** x 150%

The worker should be paid: **B + C**

**If any work is performed on a statutory holiday, the OT compensation needs to be calculated at a rate of 300%.**

## **Hours of Work (including Overtime working hours)**

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All PMI suppliers must not require a work week which exceeds local laws or business customs. Our business partners are expected to properly compensate overtime in compliance with local laws. Employees cannot work more than 60 hours per week and employees must be provided a minimum of one full rest day per week. If the local law work-week hours are less than 60 hours per week, factory must comply with the local law. However if local law work-week hours exceed 60 hours per week, business partners must ensure that no employee is working more than 60 hours per week.

## **Working Hours and Overtime Indicators of Compliance**

1. Work schedules must be in accordance with local law and meet PMI Code of Conduct's standards provided for all employees.
  - a. Established system to monitor working days, hours, and overtime of adolescent / minor employees, and all employees.
  - b. Retains current copies of applicable laws.
2. Include working schedule, normal working hours, rest days, and holidays in employee's contracts, factory rules, and/or employee handbook in language understood by local and migrant employees.
3. A minimum of one full rest day per seven days is provided for each employee.
4. No more than 3 hours OT on daily base in China area.
5. No more than 60 working hours per week, if without waiver from local labor authority, 36 Overtime hours work can only be allowed per month in China.
6. Provide applicable holidays for all employees with compensation in accordance with local law.
7. Provide applicable rest periods and meal breaks for employees in accordance to local law.
8. Develop policies and procedures to confirm voluntary acceptance of overtime work by all employees (for example: obtain employees voluntary signature for overtime work in monthly or weekly basis).
9. Inform employees in advance that overtime hours are needed.
10. Ensure employees are not penalized for refusing to work overtime through reduction of wages or threat of dismissal.
11. Install and always use time clock or scan card system to record all working hours.
12. All employees (piece rate, hourly rate, day rate, or monthly rate) must complete their own timecard or scan card for all hours worked including overtime hours.
13. All timecards or scan cards must be in good order and easy to read.
14. All employees must have the ability to verify normal and overtime hours worked.
15. Timecards/scan cards must authentically and accurately show the start and the end time of employee shifts as well as overtime hours.
16. Time card/scan card records kept for 2 years.
17. Work performed in dormitories and/or homes is not acceptable.

## **Environment, Safe and Healthy**

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All PMI suppliers should provide a safe and healthy workplace that complies with local laws and our standards in our Code of Conduct. This requirement must also be met for any residential facilities provided by the PMI suppliers as well.

### **Guidelines**

1. The construction and maintenance of workplace buildings and residential facilities (dormitories) must comply with local laws.
2. Follow local safety and health laws and regulations.
3. Assign a management representative for Safety, Health and Environment issues.
4. Provide Health and Safety Education and Training to all employees during initial orientation and on an ongoing basis.
5. Provide specific practices for:
  - a. Fire Safety
  - b. Industrial Safety
  - c. Chemical Handling
  - d. Personal Protective Equipment management
  - e. General working Condition

## **Workplace and Dormitory Indicators of Compliance**

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### **Fire Safety**

1. Evacuation plan posted on each floor in a location visible to all employees.
2. Local safety and health laws and regulations followed.
3. Fire alert can be heard from anywhere within manufacturing entity. Visual lights of fire alert must be placed in the places where earplugs are required, provided and used. Each employee has access to more than one exit on each floor.
  - a. All emergency exits are clearly marked, painted, or lit.
4. All emergency exits are clear and unblocked.
  - a. Emergency escapes, such as staircases or ladders are clear and safely lead to the ground.
5. All emergency exits are unlocked during operating hours and can be opened from the inside.
6. All aisles are clear.
7. Appropriate firefighting equipment is provided as per local law and regulations. If there are no local laws and regulations, have enough equipment located throughout the factory to successfully fight a fire.
  - a. Equipment must be functional and serviced regularly.
  - b. Fire extinguishers, fire hydrants, and/or sprinkler system installed throughout factory and dormitory.
  - c. Fire extinguishers and fire hydrants placed in an appropriate location that is easily accessible to all employees, unblocked and placed along the walls, near exits, and in the working area for easy access and use.
  - d. Written instructions for using the fire extinguisher are in the employees' native language, near the fire extinguishers
8. Emergency lighting installed throughout the factory and dormitory, with back-up power supply.
  - a. Emergency lighting functional.

9. All firefighting equipment should be regularly checked to make sure it is functioning properly. Checks must be performed at least once every six months.
10. All aisle and emergency exit lights should be checked every six months to ensure they function properly in case of emergency.
11. All the routine check records should be kept in good condition to demonstrate compliance.
12. Fire safety training provided for employees as per local law.
13. Emergency and fire drills conducted for all employees in accordance to local law. If there is no local law regarding this, emergency and fire drills are to be conducted at least twice a year.
  - a. Document the details to include the date, time, and number of employees that participated

### **Industrial Safety**

1. All electrical switch boxes and panels properly installed.
  - a. Warning signs posted.
  - b. No exposed electrical wires.
2. Facilities emitting hazardous steam, gas, or airborne particles, must provide proper ventilation, filtering, and purification systems as needed.
3. Exhaust fans must be properly covered and not in a position that could harm employees.
4. All employees are trained to operate machinery in a safe and effective manner.
  - a. Machinery with hazardous parts such as conveyor belts, gears, and abrasive wheels, for example, must be equipped with protective devices such as machine guards.
5. All stamping, punching, or cutting machines must be equipped with safety devices.
6. First aid kit/box must be placed on each floor/area in the workplace and be easily accessible for the employees and fully stocked at all times.
7. First aid kit/box must include pain relievers, bandages, and antibacterial ointment.
8. First aid training arranged.
  - a. Document the details to include the date, time, and number of employees that participated.

### **Chemical Use**

1. Poisonous, hazardous, and/or flammable materials must be stored in a safe location with proper controls and appropriate warning signs.
2. All MSDS should be posted at visible place.
3. All chemical containers should be clearly labeled in local language.
4. All chemical warehouses should have secondary containment measures and reactive materials should be stored separately.
5. All warnings including no drinking, no eating and no smoking should be clearly marked at in areas where chemicals are used or stored.
6. Chemicals used in production line should be as little as possible, just enough for use, and all cans used for chemical storage should be clearly labeled.
7. All factories should take consideration to replace current hazardous chemicals with safer substitutes.

If any of the below or other potentially hazardous chemicals are used at the facility, the factory must carefully review all handling, storage, and disposal procedures. **Note:** The below list is not comprehensive, there are many other hazardous chemicals that may be used in various manufacturing processes.

Chemical Name	Potential Uses	Target Organs/Health Hazards
Toluene	Solvent / Adhesive	Eyes, skin, respiratory system, Central Nervous System (CNS), liver, kidneys
Ethylene Oxide	Sterilizing Agent	Eyes, skin, respiratory system, CNS, kidneys, reproductive system (peritoneal cancer, leukemia)
Formaldehyde (Formalin Furan)	Preservative	Eyes, respiratory system (nasal cancer)
Methyl Chloride	Solvent	CNS, liver, kidneys, reproductive system (lung, kidney & stomach tumors in animals)
Methyl Isocyanate	Urethane mfg.	Eyes, skin, respiratory system
Trichloroethylene	Solvent	Eyes, skin, respiratory system, heart, liver, CNS (liver & kidney cancer in animals)
Ethylene Dichloride	Solvent / Degreaser	Eyes, skin, kidneys, liver, CNS, Cardiovascular System, (stomach, mammary gland and circulatory system cancer in animals)
Perchloroethylene (Tetrachloroethylene)	Solvent / Degreaser	Eyes, skin, respiratory system, liver, kidneys, CNS (liver tumors in animals)
Trichloroethane	Solvent / Degreaser	Eyes, respiratory system, CNS, liver kidneys (liver cancer in animals)
Benzene	Solvent	Eyes, skin, respiratory system, blood, CNS, bone marrow (leukemia)
Tetrahydrofuran	Solvent / Vinyl Adhesive	Eyes, respiratory system, CNS
Methyl Ethyl Ketone	Solvent	Eyes, skin, respiratory system, liver, kidneys
Acetone	Solvent / Bonding	Eyes, skin, respiratory system, CNS
Alcohols (Ethyl, Isopropyl, Methyl)	Cleaning	Eyes, skin, respiratory system, CNS, liver, blood, reproductive system, Gastrointestinal tract
Mehtylchloroisothi azolinone (Methylis othiazolinone)	Preservative	Eyes, skin, respiratory system
Phenoxyethanol	Preservative	Eyes, skin, respiratory system

\*Source: NIOSH Pocket Guide to Chemical Hazards, June 1997

### Personal Protective Equipment

1. Appropriate Personal Protective Equipment (PPE) provided free of charge for all employees based on the production operations, such as metallic cutting gloves, facemasks, goggles, earplugs, ventilators, reinforced footwear, etc.
  - a. Educate all employees on the benefits of using PPE.
  - b. Set up PPE sourcing, storage, hand out, and maintenance / replacement procedure
  - c. Areas should be marked with 'PPE required' where needed.

### General work condition

1. Proper ventilation and adequate lighting throughout the factory.
2. All trash bins should be covered.
3. Clean and accessible drinking water provided for all employees free of charge.
4. Provides functional toilets according to local law. If no local law, PMI Compliance uses ratio of 1:25. This means one toilet for every 25 employees. (<100: 1/25 for Men; 1/20 for Women; >100; 1/50 for Men, 1/35 for Women)

- a. Toilets offer privacy, must be segregated by gender, clean, and well maintained.
5. Dormitory not located in the same building as workplace or warehouse.
  - a. Dormitory provides adequate protection against weather conditions.
  - b. No cooking allowed in the dormitory.
6. Separate sleeping accommodations provided in the dormitory for male and female employees with proper privacy.
  - a. The average square meters per person in each room of the dormitory must be compliant with local law.
  - b. Running water and bathing facility must be provided for employees living in dormitory.
7. Factory and dormitory is always clean and tidy.
8. Provide canteen, eating facilities, or cooking area for employees.

### **Environment**

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PMI Suppliers shall respect the environment and comply with all local environmental regulations to minimize the impact on the earth's limited resources.

### **Management Processes/Systems**

1. Understand and be aware of applicable statutory requirements
2. Mechanisms in place to remain up to date with changes to applicable statutory requirements

### **Solid Waste Management**

1. Meet existing legal requirements on waste disposal including hazardous wastes
2. Relevant and current permits for all waste generation and disposal
3. Compliance with all permits for waste generation and disposal
4. Inventory of hazardous substances used and/or stored at the facility along with relevant, up to date MSDS
5. No on-site waste burning or uncontrolled landfill disposal

### **Air**

1. Meet existing legal requirements on air emissions
2. Relevant, current permits for all air emissions
3. Compliance with all permits for air emissions
4. Records of air monitoring shall be retained for comparison to permitted emission levels.

### **Water**

1. Meet existing legal requirements on water consumption, if applicable
2. Meet existing legal requirements on waste water effluent discharge, if applicable
3. Relevant, current permits for all waste water effluent discharge
4. Compliance with all permits for waste water effluent discharge

### **Carbon – Green House Gases (GHG)**

1. Meet statutory requirements on GHG emissions, if applicable
2. Relevant, current permits for all GHG emissions, if applicable
3. Compliance with all permits for GHG emissions, if applicable

## **Non-Discrimination**

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While we respect cultural differences, we believe workers should be employed based on their abilities rather than their race, gender, personal characteristics, or beliefs. We require all PMI suppliers eliminate any form of discrimination in their workplaces.

### **Non-Discrimination Indicators of Compliance**

1. Company policies stated in the factory rules and/or employee handbook include written policy for violation(s).
2. All employees are hired, paid, and promoted according to their abilities and occupational qualifications regardless of race, gender, personal characteristics or beliefs.
3. Provide written job titles and job descriptions.
4. Set up non-discrimination based recruiting, employment, promotion and termination procedures.
5. Establish and provide objective measurement for performance, advancement, and promotion.
6. Pregnancy testing is not used as a condition of employment.
7. Pregnancy is not used as a reason for termination of employment.
8. Managers, supervisors, and security guards are educated on the importance of treating all race, gender, religious groups equally, and to respect culture differences.
9. Enforce policy that holds violator(s) accountable.
10. Provide a confidential procedure for employees to report discrimination which is reviewed frequently.

## **Freedom of Association & Collective bargaining**

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Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

1. PMI Suppliers should be compliant with local law regarding freedom of association where applicable
2. PMI Suppliers should allow any member from workers union or any free legally associated group.
3. PMI Suppliers should provide training for all employees regarding the relevant policy.
4. PMI Suppliers should obtain formal official documents from local work union where applicable.

## **Subcontracting**

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Subcontractors shall not be used in the production of products without PMI's prior written approval and only after the subcontractor has agreed to comply with the terms of the PMI/Partner Workplace Code of Conduct.

### **Indicator of Compliance**

1. PMI Suppliers should set up a sourcing policy committed to PMI Code of Conduct.
2. PMI Suppliers should obtain written agreement on COC prior their subcontract relationship.
3. Without PMI's written consent, PMI's Supplier cannot produce any products bearing PMI's Logo/ brand name, or logo/brand name of a Private Label (Aladdin, Stanley, MiGo or any logo under Private label PMI handle) in a subcontractor's facility.



## **Document & Inspection**

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PMI will undertake affirmative measures, such as announced and unannounced on-site inspections of production facilities, to monitor compliance with this Code of Conduct. PMI's Suppliers must maintain all documentation necessary to demonstrate compliance with the Code of Conduct on site. PMI's Suppliers must also allow PMI's representatives, including authorized third party auditors' full access to production facilities, dormitories, worker records and workers for confidential interviews in connection with monitoring visits.

PMI Suppliers are expected to take necessary corrective actions to promptly correct any noncompliance. PMI reserves the right to terminate its business relationship with any PMI Supplier who is unable or unwilling to comply with PMI Code of Conduct.

1. All timecards should be clear and identifiable and kept in well condition.
2. All Payroll records should be clear and identifiable and kept in well condition.
3. All employee files should be clear and comprised of necessary documents (working experience, ID copy, and birth date with recent photo) and kept in well condition.
4. All production record should be kept in well condition and clear and identifiable.
5. All above documents should be consistent and compliant each other.
6. All interview result should be compliant with documents stated.
7. CAP (Corrective Action Plan) from prior audits should be kept updated and available for review.

**VB 12.2011**

*Aladdin.* **STANLEY.**



## PMI Document Request List

### 1. Description

The Document Request List identifies the factory records needed by the monitor to execute the testing outlined in the Factory Monitoring Program.

### 2. Purpose

The Document Request List is used to facilitate the monitoring process by preparing factories to identify and organize documents necessary to conduct the monitoring visit. The Document Request List is provided by the company or monitor to the factory prior to the monitoring visit.

	Yes	No	N/A
<b>APPLICABLE LAWS AND REGULATIONS:</b>			
Child labor			
Restrictions on workers below the age of unrestricted employment			
Minimum wage			
Maximum daily / weekly hours			
Overtime compensation			
Annual leave and required holidays			
Other benefits and allowances (Please Specify)			
Freedom of Association			
Nondiscrimination/ Harassment			
Health and Safety/ Environment (i.e. fines, certifications, inspections, ect.)			
Other:			
<b>FACTORY POLICIES:</b>			
Employee handbook / terms and conditions of employment			
Wage and hour policies			
Government Licenses, Certificates of Operation, Inspection Reports re: sanitation, fire safety, worker safety, structural safety, environmental compliance, Material Safety Data Sheets, etc.			
Machinery inspection / service logs			
Policies / procedures on use of personal protective equipment			
Accident / injury log			
Emergency medical procedures			
Evacuation plan and procedures			
Timecard or other work hour support			
Payroll records in this facility or other for the last 6 months (i.e. piece rate records, pay stubs, etc.)			
Support for overtime calculations			
Waste disposal			
<b>WORKER DOCUMENTATION:</b>			
Personnel file (including job application, employment contracts, discipline letters, etc.)			
Personnel identification cards, birth certificates, or other identification records			
<b>DORMITORIES:</b>			
Government Licenses, Certificates of Operation, Inspection Reports re: sanitation, fire safety, structural safety, etc.			
Dormitory rules and regulations			
<b>CONTRACTS WITH PMI:</b>			
Subcontractor agreement(s) with PMI/Partner Workplace Code of Conduct			

## **Factory Monitoring Process**

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In accordance with PMI Code of Conduct compliance guidelines, factories will be subject to monitoring by Bureau Veritas (BV) and/or other authorized third party auditors.

### **Monitoring Visit Implementation**

The initial monitoring visit will be performed by an authorized third party auditor on an unannounced date within the two-week window communicated during the scheduling process.

In anticipation of the monitoring visit, factory management is expected to review the Document Request List (page 19) and ensure the related documentation will be available on the date of the scheduled visit. Management including the factory manager, appropriate human resources personnel and accounting staff should be available during the monitoring visit.

It is critical that authorized auditors are given unrestricted access to all areas of factory, to all relevant documentation, and to randomly selected employees for private interviews. Denying access to any of these required elements of the monitoring visit will result in a red overall audit rating.

Depending on the location and size of the factory, management can generally expect either two monitors to spend one day or one monitor to spend two days at the factory assessing compliance with the PMI Code of Conduct.

During the monitoring visit, the monitors will do the following:

- Conduct an opening meeting with management
- Walk through the facility and dormitories, if applicable, conducting visual inspections
- Review records and documentation as per Document Request List (Exhibit 4)
- Conduct private employee interviews
- Conduct a closing meeting with management summarizing any findings and sign the *Summary of Findings* report provided to factory

The monitoring visit is a fact-finding process designed to help PMI and factories identify areas within the factory's operations that could be improved to ensure that the factory is in compliance with country-specific legal requirements and the PMI Code of Conduct.

PMI urges all suppliers to be open and honest about workplace conditions and fully transparent during the execution of the monitoring visit.

### **Reporting**

At the conclusion of the monitoring visit, the approved auditors will conduct a closing meeting with factory management, summarizing any findings. The findings will be presented in a Summary of Findings document a copy of which will be provided to factory management at conclusions of the audit.

PMI expects factory management to begin implementing corrective actions upon receipt of the Summary of Findings during the closing meeting.

The results of the monitoring visit will be reported to PMI through a comprehensive report including a description of all identified compliance issues and an overall rating based on the findings. The overall ratings are as follows:

Degree of Compliance		Question Risk Weighting Levels		
		Critical	High	Medium
Levels of Non-conformance				
	Full compliance	-	-	-
	Any deviation to the requirement	<i>Major</i>	<i>Minor</i>	<i>Minor</i>
	None of the requirement has been implemented	<i>Critical</i>	<i>Major</i>	<i>Minor</i>

Supplier Risk	Improvement Plan and Monitoring Frequency
<b>Green</b>	Full annual audit recommended after <b>12 months</b>
<b>Yellow</b>	On-site follow-up audit recommended after <b>6 months</b> to evaluate previous non-compliance issues
<b>Orange</b>	On-site follow-up audit recommended after <b>90 days</b> to evaluate previous non-compliance issues
<b>Red</b>	On-site follow-up audit recommended after <b>30 days</b> to evaluate previous non-compliance issues

PMI considers the Corrective Action Plan (CAP) Process of continuous improvement to be the most important aspect of our factory monitoring program. Please see page 22 for an example of a CAP report and page 23 for details on the monitoring / CAP process.

## Corrective Action Plan Report – Example

<b>Company:</b>									
<b>Address:</b>									
<b>BV Reference:</b>									
<b>Audit Date:</b>									
<b>Auditor(s):</b>									
<b>Company Representative Acknowledgment:</b>									
<b>Audit Standard: SA PAS SCORECARD VERSION 2.0</b>									
Clause No.	Original Clause Requirement	Levels of Non-Conformance	Audit Findings	Corrective Action Plan (to be completed by factory)	Implementation Steps and Documentation Needs (to be completed by factory)	Responsible Individual (to be completed by factory)	Due Date (to be completed by factory)	Status	
<b>1</b>	<b>LAWS AND REGULATIONS</b>								
1.5	All required government licenses and certificates related to all areas of operation are not maintained on site (D)	Minor (YELLOW)							
<b>5</b>	<b>WAGES AND BENEFITS</b>								
5.10	Isolated miscalculation of wages (i.e. computer/human error) (I D)	Major (ORANGE)							
5.12	No pay stubs provided to worker (I D)	Minor (YELLOW)							
5.13	Failure to provide legally mandated benefits (I O D)	Minor (YELLOW)							
<b>6</b>	<b>HOURS OF WORK</b>								
6.17	Overtime in excess of law or code (I D)	Minor (YELLOW)							
<b>7</b>	<b>HEALTH AND SAFETY</b>								
7.1.3	Blocked aisles (O)	Critical (RED)							
7.1.6	Fire-fighting equipment is not accessible (O)	Critical (RED)							
7.1.12	Electrical panels are not properly marked or properly maintained (O)	Major (ORANGE)							
7.1.30	Insufficient frequency of fire drills (I D)	Major (ORANGE)							
7.1.33	Personal protective equipment not properly utilized (I O)	Major (ORANGE)							
7.1.34	No licenses/certificates for machines or equipment (O D)	Major (ORANGE)							
7.1.47	No training/certification for canteen workers (I D)	Minor (YELLOW)							
7.1.58	Toilets are not provided with appropriate privacy (stalls with doors) (O)	Minor (YELLOW)							
7.1.60	Areas in front of emergency exits, fire equipment, control panels and evacuation routes are not marked with a "yellow box" or other marking to indicate that they are to be kept clear at all times, as required by local law (O)	Minor (YELLOW)							
7.1.61	Other (I O D)	Minor (YELLOW)							
7.2.29	Other (I O D)	Minor (YELLOW)							
<b>11</b>	<b>ENVIRONMENT</b>								
11.6	Employer does not use an authorized waste contractor to remove waste from the facility. (D)	Major (ORANGE)							
11.7	No/inadequate environmental permits (O D)	Minor (YELLOW)							



## Factory Partnership Qualifications and Process

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### On-Boarding a Factory: PMI Qualification and Approval

PMI carefully evaluates, qualifies, and approves factories before entering into a manufacturing agreement.

After a factory has been approved, PMI works hard to form a solid working relationship. It is PMI's intention to build and maintain effective functioning relationships with all of our factories. The approval process starts with an initial factory evaluation visit by PMI staff members.

This information is communicated to key members of the PMI staff and a decision is made to proceed to the next step of factory qualification, or not to proceed any further. All of our factories must comply with the PMI Code of Conduct, and also must pass PMI's Factory Production and Quality Evaluation.

If this decision is positive then several PMI staff members will visit the factory to evaluate production and quality processes. The vendor is also encouraged to visit PMI. During these visits PMI standards and vendor compliance are discussed. If a mutual agreement has been reached during this process, then the factory is approved by PMI. PMI's Factory Management will notify the factory when approval is reached.

As part of doing business with PMI it is necessary that *you sign and return* to PMI the following three forms:

- Code of Conduct Compliance Agreement (page 23)
- Subcontractor Code of Conduct Compliance Agreement (page 24)
- For detailed explanation on PMI's Monitoring Program please see pages 20 through 21 of this report.

### Remediation / Continuous Improvement

PMI expects factory management to begin implementing corrective actions upon receipt of the Summary of Findings during the closing meeting. In addition to the Summary of Findings report, the supplier will also receive a Corrective Action Plan (CAP) Report.

Upon receiving a CAP, factories are expected to complete the CAP and return within 15 days from the date of the monitoring visit responding to all compliance issues identified, via email to Thomas Wang (thomas.wang@pmi-worldwide.com), PMI's CSR Manager and Valerie Bone (valerie.bone@pmi-worldwide.com), PMI's Director of CSR and Quality. The timetable for corrective action will depend on the nature, severity and prevalence of the identified findings.

Based on the nature, severity and prevalence of any identified compliance issues, PMI may require follow-up monitoring visits to confirm completion of the Corrective Action Plan and the continuous improvement of the identified compliance issues.

### Termination

Factories are expected to correct all identified compliance issues as a condition of continued business. PMI's will favor Code of Conduct compliant suppliers in all of our sourcing decisions. Relationships with factories that are unable or unwilling to address identified compliance issues from initial and any subsequent follow up audits will be terminated.

*Aladdin.* **STANLEY.**



**PMI Code of Conduct Compliance – Vendor Agreement**

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Dear Vendor,

**By signing this form you acknowledge that you have read our Code of Conduct and fully agree to the terms and conditions contained within.** If you are unclear or uncomfortable with any part of the PMI Code of Conduct, please immediately contact PMI with your concerns.

Please complete this form, providing the names, phone numbers, and locations of your team members. This will enable us to easily contact those most closely involved in your factory(s) Code of Conduct Compliance.

Thank you for your commitment.

Vendor Name \_\_\_\_\_  
Vendor Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Vendor Phone Number \_\_\_\_\_ Vendor Fax Number \_\_\_\_\_  
Factory Address \_\_\_\_\_ E-mail Address \_\_\_\_\_  
(If Different) \_\_\_\_\_

Factory Manger \_\_\_\_\_ Phone Number \_\_\_\_\_  
Factory Contact \_\_\_\_\_ Phone Number \_\_\_\_\_

Please sign this form, and mail or fax it to: Pacific Market International  
Attn: Factory Management  
2401 Elliott Avenue, Fourth Floor  
Seattle, Washington 98121-2149  
USA  
Fax Number (206) 441-2823

I acknowledge receipt of PMI Code of Conduct and agree to all its terms and conditions.

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Signature \_\_\_\_\_ Date \_\_\_\_\_

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(Please Print Name) \_\_\_\_\_ Title \_\_\_\_\_





**PMI Code of Conduct Compliance – Subcontractor Agreement**

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Dear Subcontractor,

**By signing this form you acknowledge that you have read our Code of Conduct and fully agree to the terms and conditions contained within.** If you are unclear or uncomfortable with any part of the PMI Code of Conduct, please immediately contact PMI with your concerns.

Please complete this form, providing the names, phone numbers, and locations of your team members. This will enable us to easily contact those most closely involved in your factory(s) Code of Conduct Compliance.

Thank you for your commitment.

Subcontractor Name \_\_\_\_\_  
Subcontractor Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Subcontractor Phone Number \_\_\_\_\_ Fax Number \_\_\_\_\_  
Factory Address \_\_\_\_\_ E-mail Address \_\_\_\_\_  
(If Different) \_\_\_\_\_

Factory Manger \_\_\_\_\_ Phone Number \_\_\_\_\_  
Factory Contact \_\_\_\_\_ Phone Number \_\_\_\_\_

Please sign this form, and mail or fax it to: Pacific Market International  
Attn: Factory Management  
2401 Elliott Avenue, Fourth Floor  
Seattle, Washington 98121-2149  
USA  
Fax Number (206) 441-2823

I acknowledge receipt of PMI Code of Conduct and agree to all its terms and conditions.

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Signature \_\_\_\_\_ Date \_\_\_\_\_

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(Please Print Name) \_\_\_\_\_ Title \_\_\_\_\_

