

**January 7, 2021**

## **Policy on Labour Standards**

Covalon commits to requiring proactive participation from each of our suppliers in respect of ensuring ethical labour practices through our supply chain. It is our policy that our employees and suppliers actively participate to eliminate abuse of labour throughout the world. This means being vigilant and taking the necessary actions to ensure we do not permit dealings with any supplier who does not comply with the following terms and conditions.

Suppliers shall conduct all employment and other activities related to its dealings with Covalon in compliance with the standard of integrity and human rights set out in the Global Code of Conduct, National and International Standards Codes and legislations relating to labour standards, and the Ethical Trading Initiative Base Code, in particular, prohibitions on forced and child labour, excessive working hours, discrimination, harassment and other harsh or inhumane treatment, and their standards related to freedom of association and collective bargaining, safe and hygienic working conditions, and living wages. Supplier shall hold its suppliers and other third parties to the same standards when performing its obligations under any agreement with Covalon, and shall ensure that such parties have their own human rights policies and means of raising complaints to address any breaches of such policies. Supplier shall grant Covalon the right, directly or through an independent agent, to conduct due diligence surveys and audits, staffed as Covalon deems appropriate, to verify supplier's past and current compliance with the aforementioned requirements, and supplier shall cooperate fully and respond in a timely manner and in good faith, including making relevant documents and personnel available, to facilitate any such due diligence surveys or audits. Supplier complies with all local legislation in all countries from which we procure products.

Covalon is also committed to continually improving its Labour Standards Assurance System ("LSAS") and its vigilance over its supply channels. LSAS management representatives will ensure all appropriate personnel, including human resources, procurement and quality assurance personnel, are aware of their obligations and are suitably trained and committed.



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