



smart  
factoring

# **Global Supplier Code of Conduct**

# Smart Factoring

## Global Supplier Code of Conduct

Review Frequency: 12 Months

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## 1. Introduction

Corporate integrity, responsible product sourcing, and the safety and wellbeing of workers across the global supply chain are of paramount importance to Smart Factoring. These principles apply to all aspects of Smart Factoring' business, and encompass all manufacturers, distributors, vendors, and other suppliers (each a "Supplier" and collectively "Suppliers"). of Smart Factoring.

Smart Factoring is committed to treating all workers with respect and dignity, ensuring safe working conditions, and conducting environmentally responsible, ethical operations. We expect Suppliers in our operations and supply chain, and their suppliers, employees, personnel, agents, subcontractors and sub-tier suppliers to embrace the following social, environmental, and ethical responsibilities.

These principles are reflected in this Supplier Code of Conduct ("Supplier Code of Conduct"), which establishes the minimum standards that must be met by any Supplier that sells goods or services to or does business with Smart Factoring regarding:

- Supplier's legal and regulatory compliance, including compliance with privacy laws and regulations;
- Supplier's treatment of workers;
- Supplier's respect for human rights and fair labor practices;
- Workplace health and safety;
- Impact of Supplier's activities on the environment; and
- Supplier's ethical business practices.

## 2. Supplier's Employees Access Requirements

It is important that Supplier and Supplier's workers understand Supplier's obligations under this Supplier Code of Conduct. Therefore, Supplier shall make available to its employees a document containing a summary of the terms and conditions of this Supplier Code of Conduct.

Supplier shall post the document in a location that is conspicuous and accessible to its workforce an accurate translation of it in the native language or languages of the workforce next to the English-language version of the document.

Supplier shall bear the entire cost of preparing, translating, and displaying the document.

## 3. Applicability

This Supplier Code of Conduct applies to all Suppliers that provide goods or services to Smart Factoring. Supplier is responsible for compliance with the standards set out in this Supplier Code of Conduct ("Standards") throughout its operations and throughout its entire supply chain.

Without limiting Supplier's obligations hereunder, Supplier shall comply with the Standards in:

- all of its Facilities; and
- all of its operations, including with respect to manufacturing, distribution, packaging, services delivery, service quality control, sales, marketing, product

safety and certification, intellectual property, labor, immigration, health, worker safety, and the environment.

Without limiting Supplier's obligations hereunder, Supplier is responsible for compliance with the Standards by all of its suppliers, vendors, agents, and subcontractors and their respective Facilities ("Partner(s)").

## 4. Fair Labor, Slavery and Human Trafficking

### A. Child labor, slavery and human trafficking

All labor must be voluntary. Supplier shall not support or engage in slavery or human trafficking in any part of its supply chain.

Without limiting Supplier's obligations hereunder, Supplier shall not, and shall ensure that its Partners do not, support or engage in, or require any:

- compelled, involuntary, or forced labor;
- labor to be performed by Children (as defined herein below);
- bonded labor;
- indentured labor; and
- prison labor.

Suppliers will not use or permit any form of forced, bonded, or indentured labor. All work must be voluntary, and all workers must be free to terminate their employment at any time. Suppliers shall have a labor compliance plan that adhere to the International Labor Organization's (ILO) indicators of forced labor in the supply chain.

Suppliers will not use child labor. "Child(ren)" means any person under age 15, under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. Workers under the age of 18 will not perform work that is likely to jeopardize their health or safety, including night shifts and overtime.

Suppliers may use legitimate, properly-managed apprenticeship programs, such as student internships. Unless otherwise addressed by local law, suppliers are expected to pay student workers, interns, and apprentices at least the same wage rates as other entry-level workers performing equal or similar tasks.

### B. Fair Labor Practices

Suppliers will not hold workers' identity, immigration, or work permit documents longer than reasonably necessary for administrative processing. Suppliers are expected not to require workers to pay recruitment fees or other fees for their employment, either directly or through third parties, and are expected to repay any worker that has paid such fees. Suppliers will not unreasonably restrict workers' freedom to move into, out of, or at working facilities. As part of the hiring process, Suppliers are expected to give each worker a written agreement describing the worker's terms of employment in a language understood by the worker, and, if internationally relocating, the written agreement will be provided before they leave their country of origin. Suppliers shall use appropriately trained recruiters to support compliance with applicable labor laws and international standards.

## Compliance and Documentation

Supplier shall:

- Implement and maintain a reliable system to verify the eligibility of all workers, including:
- age eligibility; and
- legal status of foreign workers.
- Implement and maintain a reliable recordkeeping system regarding the eligibility of all workers.

## Hazardous Work

Without limiting Supplier's obligations hereunder, Supplier shall not, and shall ensure that its Partners do not, support or engage in, or require any hazardous labor to be performed by any person under the age of 18. Hazardous labor involves any work, that by its nature or the circumstances in which the work is undertaken, involves the substantial risk of harm to the safety or health of the worker or coworkers if adequate protections are not taken.

## Identification Papers

Without limiting Supplier's obligations hereunder, Supplier shall not require any worker to surrender control over original:

- identification papers or documents giving a foreign worker the right to work in the country;
- identification papers or documents, such as a passport, giving a foreign worker the right to enter or leave the country; or
- documents, such as a birth certificate, evidencing the worker's age.

Suppliers can only hold documentation for the time needed to obtain or renew work permits and other legal documents.

## Financial Obligations

Without limiting Supplier's obligations hereunder, Supplier shall not, whether or not as a condition to the right to work, require any worker (or worker's spouse or family member) to, directly or indirectly:

- pay recruitment or other fees or other amounts (monetary or in-kind);
- incur debt;
- make financial guarantees; or
- incur any other financial obligation.

## Freedom of Movement

Without limiting Supplier's obligations hereunder, Supplier shall ensure that workers have the right to freedom of movement without:

- delay or hindrance; or

- the threat or imposition of any discipline, penalty, retaliation, or fine or other monetary obligation.

Worker freedom of movement rights include each worker's right to leave the Facilities without retaliation:

- at the end of each workday;
- based on reasonable health and safety-related justifications; and
- based on any reasonable circumstances, such as personal or family emergencies.

### **Freedom to Terminate Employment**

Without limiting Supplier's obligations hereunder, Supplier shall allow workers to terminate their employment or work arrangement:

- without restriction; and
- without the threat or imposition of any discipline, penalty, retaliation, or fine or other monetary obligation.

### **Compensation and Benefits**

Supplier must compensate all workers with wages, including overtime premiums, and benefits that at a minimum meet the higher of:

- the minimum wage and benefits established by applicable law;
- collective agreements;
- industry standards; and
- an amount sufficient to cover basic living requirements.

Supplier's obligation to compensate and provide benefits applies to all workers at all times, including during periods of training, apprenticeship, and probation.

### **Documentation**

Supplier shall:

- provide written employment contracts or agreements that contains a clear description of terms and conditions of employment in the workers' native language or in a language the worker can understand;
- provide proof of payment to workers in the workers' native language or in a language the worker can understand showing hours worked, wage amounts and rates (regular, overtime, and bonus), and deductions;
- ensure that proof of payment is accurate, is clearly calculated, and enables workers to quickly verify the amount of payment and method of calculation; and
- maintain proper documentation of wage payments for their internal records.

### **Deductions**

Supplier shall not make any deductions from wages, except income tax withholding and those that are legally allowed.

## **5. Work Hours**

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Except in emergency or unusual situations, for suppliers' workers paid hourly, workweeks are expected not to exceed 60 hours per week (including overtime) or, if less, the maximum set by local law. Workers should be allowed at least one day off every seven days.

### **Rest and Lunch Breaks**

Supplier shall allow workers to take:

- reasonable rest breaks, including bathroom breaks; and
- reasonable lunch breaks.

### **Documentation**

Supplier shall:

- use an industry-accepted time-keeping system to track worker work hours; and
- develop work-hour policies to ensure compliance with this Supplier Code of Conduct and applicable law.

## **6. No Discrimination, Abuse, or Harassment**

Suppliers will not permit harassment, abuse, corporal punishment, or inhumane treatment. Suppliers will not subject workers or potential workers to unlawful medical tests or physical exams. Suppliers will not discriminate in screening, hiring, or employment practices based on race, color, age, sex, gender, gender identity, gender expression, sexual orientation, marital status, ethnicity, national origin, caste, disability, genetic information, medical condition, pregnancy, religion, political affiliation, union membership, covered veteran status, or body art. Workers' religious practices will be reasonably accommodated. Suppliers will not inquire about potential workers' criminal histories on employment applications or before initial interviews, or, if no interview is conducted, before making conditional offers of employment. In addition, Suppliers will demonstrate a commitment to identify, measure, and improve a culture of diversity and inclusion through all aspects of workplace management.

## **7. Health and Safety**

Supplier shall provide a safe, healthy, and sanitary working environment, in accordance with the applicable laws, regulations and the health and safety procedures in this Supplier Code of Conduct. Supplier shall implement procedures and safeguards to prevent workplace hazards, and work-related accidents and injuries, including procedures and safeguards to prevent industry-specific workplace hazards, and work-related accidents and injuries, that are not specifically addressed in these Standards.

General and industry-specific procedures and safeguards include those relating to:

- health and safety inspections;
- equipment maintenance;
- maintenance of Facilities;
- worker training covering the hazards typically encountered in their scope of work;
- fire prevention; and



предотвратяване на пожари; и

- documentation and recordkeeping.

Supplier shall provide workers adequate and appropriate personal protective equipment to protect workers against hazards typically encountered in the scope of work.

Supplier shall ensure that potential emergency situations and events are identified and assessed, with their impact minimized through the implementation of emergency plans and response procedures. This includes emergency reporting, employee notification and procedures, as well as worker training (in a language the worker understands) and drills.

## 8. Facilities

Supplier shall:

- ensure that all Facilities meet all applicable building codes and industry design and construction standards, in accordance with the applicable laws and regulations and the health and safety procedures outlined in this Supplier Code of Conduct;
- obtain and maintain all construction approvals required by law;
- obtain and maintain all zoning and use permits required by law;
- without limiting Supplier's obligations hereunder, ensure that all Facilities have:
- an adequate evacuation plan;
- adequate, well-lit (including emergency lighting), clearly marked, and unobstructed emergency exit routes, including exits doors, aisles, and fire-rated enclosed stairwells;
- a sufficient number of emergency exit doors, which are located on all sides of each building, are unlocked (from the inside), and are readily opened with a push bar with minimal force and from the occupied side and swing in the direction of emergency travel;
- visible and accurate evacuation maps posted in the local language, and including a "you are here" mark;
- adequate ventilation and air circulation;
- adequate lighting;
- adequate first aid kits and stations;
- adequate fire safety, prevention, alarm, and suppression systems;
- adequate access to potable water; and
- adequate access to private toilet facilities.
- post safety rules, inspection results, incident reports, and permits, in each case, as required by law.

If Supplier provides dining facilities for its workers, it shall provide safe, healthy, and sanitary facilities (including food preparation and storage areas) that comply with all the Standards set out in the Health and Safety section of this Supplier Code of Conduct. Without limiting Supplier's obligations hereunder, Supplier shall obtain and maintain all food preparation permits and health certificates required by law.

If Supplier provides accommodation for its workers, it shall ensure that worker dormitories or housing provided comply with the host country's housing and safety standards. These accommodations should be clean, safe, and equipped with appropriate emergency exits, adequate lighting, heating, and ventilation.

## 9. Freedom of Association and Collective Bargaining

Supplier shall respect, and shall not interfere with, the right of workers to decide whether to lawfully associate with groups of their choice, including the right to form or join trade unions and to engage in collective bargaining.

Without limiting Supplier's obligations set out above, Supplier shall not:

- take any action to prevent or suppress the workers' exercise of freedom of association or collective bargaining rights;
- discriminate or retaliate against, or discipline or punish, any worker who supports or exercises freedom of association or collective bargaining rights;
- discriminate or retaliate against, or discipline or punish, any worker who raises collective bargaining compliance issues; or
- discriminate or retaliate against, or discipline or punish, any worker based on union membership or the worker's decision to join or not join a union.

## 10. Environmental Protection

### Operation of Supplier's Facilities

Supplier shall operate its Facilities in compliance with all environmental laws, including laws and international treaties relating to:

#### Environmental Permits and Reporting/ Екологични разрешителни и отчетане

Suppliers will obtain and keep current all required environmental permits, approvals, and registrations, and follow their operational and reporting requirements.

#### Resource Efficiency and Clean Energy/ Ресурсна ефективност и чиста енергия

Throughout their operations, Suppliers will work to reduce consumption of resources, including raw materials, energy, and water. Suppliers will track, document, and seek to minimize energy consumption and greenhouse gas emissions, and seek ways to improve energy efficiency and use cleaner sources of energy.

#### Hazardous and Restricted Substances/ Намаляване на отпадъците

Suppliers will identify and manage chemicals and other materials that pose a hazard to the environment, to ensure their safe handling, use, storage, and disposal. Suppliers will identify, monitor, control, treat, and reduce hazardous air emissions, wastewater, and waste generated from its operations. Suppliers will adhere to our requirements restricting use of specific substances, including labeling for recycling or disposal.

#### Waste Mitigation/ Опасни и ограничени вещества/

Wastewater, Solid Waste and Stormwater Management. Suppliers will work to reduce or eliminate waste of all types. Where waste cannot be eliminated, Suppliers will manage and control all waste streams to comply with applicable laws and regulations, and in an environmentally responsible and secure way; this includes, but is not limited to, preventing illegal discharges and spills from entering storm drains, and treating as required prior to discharge or disposal of all wastewater and solid waste from operations, industrial processes, and sanitation facilities.

### **Inputs and Components**

Supplier must ensure that the goods that it manufactures or services it provides (including the inputs and components that it incorporates into its goods) comply with all environmental laws, regulations and applicable international treaties. Supplier must ensure that it will only use packaging materials that comply with all environmental laws and treaties.

## **11. Ethics And Compliance**

Suppliers will uphold the highest standards of ethics to promote honesty and integrity in business operations, including:

**Business Integrity.** Suppliers will avoid even the appearance of conflicts of interest in their work with Smart Factoring and will immediately disclose any known family or other close personal relationships with Smart Factoring' employees who have an influence over their engagements with us. If Suppliers extend any business courtesies to our employees, they will do so infrequently, and the courtesies must be of no more than moderate value and shall occur in the normal course of business.

**Antitrust.** Suppliers shall conduct business in full compliance with antitrust and fair competition laws.

**Anti-Corruption.** Smart Factoring prohibits corrupt payments of all kinds, including facilitating payments. Suppliers will not offer or accept any form of bribery, corruption, extortion, or embezzlement. Suppliers will not make illegal payments directly or indirectly. No Supplier shall, directly or indirectly, promise, authorize, offer or pay anything of values to any government official (which includes any employee of a government entity or subdivision, including elected officials; any private person acting on behalf of a government entity, even if just temporarily; officers and employees of companies that are owned or controlled by the government; candidates for political office; political party officials; and officers, employees and representatives of public international organizations), or other party to improperly influence any act or decision of such official for the purpose of promoting the business interests of Smart Factoring in any respect.

Suppliers will also accurately reflect their business dealings in their books and records. and they will implement monitoring and enforcement procedures to ensure compliance with anti-corruption laws. Supplier must maintain the highest ethical standards and comply with the Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd-1, et seq. ("FCPA"), or its applicable equivalent and anti-money laundering laws in each of its Facilities.

**Trade.** Suppliers shall comply with all applicable laws and regulations related to the import or export of items, including trade laws and sanctions regulations.

**Intellectual Property.** Suppliers will respect intellectual property rights, and will conduct technology and know-how transfers in a manner protecting intellectual property rights.

Responsible Materials Sourcing. Suppliers will maintain a policy reasonably assuring that any tantalum, tin, tungsten, and gold in products they manufacture do not directly or indirectly benefit armed groups that commit human rights abuses. Suppliers will exercise, and will make available to us upon request, due diligence on the source and chain of custody of these minerals.

## 12. Management System

Suppliers are expected to adopt or establish a management system to carry out these responsibilities. The management system will be designed to ensure Suppliers' operations: (a) comply with our requirements and applicable laws and regulations; (b) conform to these responsibilities; and (c) identify and mitigate operational risks related to this Supplier Code of Conduct. It should also facilitate continual improvement:

The management system should contain the following elements: executive level commitment and accountability; processes to identify, monitor, and comply with all applicable laws, regulations, standards, and requirements; risk management processes; communications and training for all workers and suppliers as determined by Suppliers; ongoing assessments, monitoring, and continued improvement, including corrective action processes; a program that provides workers with a means to report grievances anonymously and without fear of retaliation, unless prohibited by law; and a program to ensure Suppliers will continuously monitor these reporting processes, record issues raised, investigate as appropriate, and take appropriate action.

## 13. Report Violations

Supplier shall self-report any violations of the Supplier Code of Conduct. Supplier can also submit questions and comments regarding the Supplier Code of Conduct, to Smart Factoring set out below:

[compliance@ynvgroup.com](mailto:compliance@ynvgroup.com)

Supplier shall not retaliate or take disciplinary action against any worker who has, in good faith, reported violations or questionable behavior, or who has sought advice regarding this Supplier Code of Conduct.

## 14. Compliance with Laws

Supplier shall comply with all applicable national and local laws and regulations, including laws and regulations relating to all the Standards. Where this Supplier Code of Conduct requires Supplier to meet a higher standard than set out by law or regulation, Supplier shall meet such higher standards. Supplier acknowledges that these Standards set out audit standards that Smart Factoring may use to determine whether Supplier is meeting the requirements set out in this Supplier Code of Conduct.

Supplier acknowledges that Smart Factoring may in its discretion conduct inspections of the Facilities to confirm Supplier's compliance with this Supplier Code of Conduct. Smart Factoring has no obligation to conduct inspections.

Suppliers and their sub-tier suppliers may be requested to disclose information regarding their human rights, health and safety, environmental practices, business activities, structure, financial situation, and performance in accordance with applicable regulations and industry standards. Suppliers are required to retain all records for at least seven (7) years and as required by local

laws and regulation; any retention beyond this period is at the Supplier's discretion. Falsifying records or misrepresenting conditions or practices in the supply chain is unacceptable and may lead to the termination of the Supplier's business relationship with Smart Factoring.

## 15. Initial and Periodic Background Checks on Supplier

At Smart Factoring, we are committed to maintaining a network of suppliers who align with our values and uphold the highest standards of integrity and compliance. In furtherance of this commitment, we have instituted a Supplier background check (the "Background Check") process to assess and verify the suitability of our Suppliers. The purpose of this section is to outline the procedures and expectations for conducting background checks on our Suppliers to ensure they are safe, ethical, and compliant with all applicable laws and regulations.

### Background Check Scope

- a. Legal Compliance: Smart Factoring reserves the right to conduct background checks to ensure Suppliers comply with all local, national, and international laws and regulations relevant to their operations, Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) checks to maintain compliance and integrity.
- b. Ethical Standards: Suppliers are expected to adhere to ethical business practices, and the Background Check may include an assessment of their commitment to integrity and ethical conduct.

## 16. Information Security

### Compliance with Information Security Standards

Suppliers must comply with relevant data privacy regulations, such as GDPR, depending on the jurisdiction and nature of the data involved. Additionally, suppliers are encouraged to adhere to recognized information security standards, such as ISO/IEC 27001, to further ensure the protection of data.

### Incident Reporting and Response

Suppliers must have procedures in place for detecting, reporting, and responding to Information Security incidents ensuring that Smart Factoring is immediately informed of any security breaches that could affect their business, allowing for quick mitigation actions.

### Remediation and Termination

Remediation: If issues are identified, suppliers will be given an opportunity to address and rectify non-compliance within a specified timeframe. If any identified non-compliance is not remedied within a specified timeframe, Smart Factoring reserves the right to terminate its business relationship (including any purchase order(s) and purchase contracts) with Supplier.

## 17. Termination

Smart Factoring may immediately terminate its business relationship (including any purchase order(s) and purchase contracts) with Supplier if Supplier or its Partners fail to meet the Standards.