



**ORGANIC & NATURAL FOOD  
PRIVATE LABEL**

**SUPPLIER CODE OF CONDUCT**

## PURPOSE

NSI is committed to exceeding international and industry best standards to improve the ethical, social, and environmental practices in our industry. It is essential that our suppliers join in this effort because it will support the success of our business and, most importantly, it is simply the right thing to do. NSI's Supplier Code of Conduct (this Code) provides guidelines to support that commitment. Recognizing the different laws, customs, and economic conditions that impact business practices around the world, the values reflected in this Code are universal and should serve as the foundation for relationships between NSI and its suppliers. This Code incorporates our commitment to the Ten Principles of the UN Global Compact into our strategies, policies, and procedures and establishes a shared culture of integrity that allows us to uphold our responsibilities to people and planet. We expect our suppliers to incorporate the UN Global Compact's human rights, fair labor, environmental stewardship, and anti-corruption principles and the provisions of this Code as the minimum acceptable standards for their business practices.

Since achieving these standards may be an evolutionary process, we encourage suppliers to adopt a continuous improvement program to transition from basic to leadership sustainability practices. We understand that this effort requires our cooperation which starts with listening to our suppliers' and their employees' needs. This collaborative approach uses capacity building tools such as root-cause analysis, training, and management-systems development to drive meaningful change. It is important that suppliers actively review, monitor and modify their management processes and business operations to ensure they align with this Code. At a minimum, NSI expects suppliers to comply with human rights, labor, employment, immigration, health and safety, trade, environmental, and anti-corruption laws and regulations of both the countries of production and origin. These requirements must apply throughout the supply chain, including sub-suppliers, sub-contractors and farms.

Provisions of this Code stem from the International Labor Organization's (ILO) Conventions and Recommendations, the UN Declaration of Human Rights, the UN Convention Against Corruption, the Rio Declaration on Environment and Development, the Ethical Trade Initiative (ETI) Base Code, and the BetterWork Compliance Assessment Tool.

## CONTINUOUS IMPROVEMENT

Our purpose has no defined goal. It defines a change in business philosophy and a way of life. Fulfilling this purpose calls for constant self-evaluation and improvement. NSI endeavors to be a model for a constantly improving organization, and we encourage our suppliers to do the same.

# CONTINUOUS IMPROVEMENT (CONTINUED)

The following recommendations may help suppliers meet initial compliance objectives and get on the path for continuous improvement:

- Visit the facilities and farms comprising your supply chain, understand their methods, and monitor performance.
- Assess and understand the risks (e.g., human, environmental) related to your industry, geography, and workforce.
- Comply with applicable laws, regulations and agreements, with special emphasis on those related to labor, employment, immigration, health, safety, trade, and the environment.
- Implement training programs, educate your teams about the issues, and discuss how to implement solutions.
- Monitor Code compliance, acknowledge gaps, and measure progress.
- Remember that you're not alone. Tell us about conditions that violate the Code, and allow us to help you find solutions.



# 1. FORCED LABOR

Forced labor is work exacted under the threat of penalty and for which the person has not offered him/herself voluntarily. Forced labor violates the basic human right to work in freedom and to freely choose one's work

- 1.1 **No forced, bonded, or indentured labor. Employees shall not be subject to any forms of coercion, fraud, or deception.**
- 1.2 **No sexual exploitation of labor. Employees shall not be required to give up control of their person to another for the purpose of employment.**
- 1.3 **Employees are not required to deposit their identity papers and/or travel documents with their employer and are free to leave their employment at any time.**
- 1.4 **The use of prison or convict labor must be consistent with local law and regulations. All provisions set forth in this Code apply in full to all persons regardless of their status.**

# 2. FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING

Freedom of association is a worker's right to join with others to create representative organizations (unions). Collective bargaining is the process of negotiation between unions and employers, usually to secure better working conditions and terms of employment - both of which are fundamental rights. Without freedom of association, collective bargaining cannot work. Employees must be free to choose how they are to be represented, and employers must not interfere.

- 2.1 **Freedom of association and the right to collective bargaining are upheld. The employer shall adopt an open attitude towards the activities of trade unions and their organizational activities.**
- 2.2 **Do not discriminate against employees' representatives. Representatives must have access to carry out their functions in the workplace.**

# 3. HEALTH & SAFETY

Improvements in occupational health and safety enhance productivity by reducing the number of interruptions in the manufacturing process, by reducing absences, by decreasing the number of accidents, and by improving work efficiency. These are preventative measures, and it is essential for employers and employees to cooperate on health and safety issues.

- 3.1 **Provide a safe and hygienic work environment in compliance with applicable law and regulation but modified, as necessary, to address special or local hazards.**

## 3. HEALTH & SAFETY (CONTINUED)

- 3.2 **Take steps to prevent accidents and injury by minimizing hazards in the workplace. This includes proper facilities maintenance, monitoring and inspection routines, worker training and education, fire safety measures, proper safety equipment, and prohibiting unqualified (often younger) workers from engaging in hazardous activities.**
- 3.3 **Provide access to clean toilet facilities, potable water, and sanitary food storage facilities.**
- 3.4 **When providing housing, maintain clean and safe accommodations, meeting basic employee needs. Comply with applicable laws and regulations, including proper fire safety measures and segregate showers and toilets for men and women.**
- 3.5 **Make senior management responsible for ensuring health and safety requirements are met.**

## 4. CHILD LABOR

Child labor is work that is mentally, physically, socially or morally dangerous and harmful to children. Such work interferes with their schooling by depriving them of the opportunity to attend school, by obliging them to leave school prematurely, or by requiring them to combine school attendance with excessively long and heavy work. Whether or not work being carried out by children constitutes child labor depends on the child's age\*, the type and hours of work performed, and the impact of the work on the child's health, development and access to education.

- 4.1 **No child labor. Maintain official, truthful and verifiable documentation of each employee's date of birth, (or an alternative legally-recognized means of confirming each employee's age).**
- 4.2 **Implement programs that allow any child working in violation of this principle to have an ability to attend and remain in quality education until adulthood.**
- 4.3 **Children and persons under the age of 18 shall not be employed at night or in hazardous conditions. Hazardous work includes but is not limited to: work at dangerous heights, in confined spaces, with hazardous substances, with dangerous machinery, equipment and/or tools, or work that involves the manual handling or transport of heavy loads.**
- 4.4 **These policies and procedures shall conform to the provisions of the relevant ILO standards.**

\*The ILO Conventions define a "child" by minimum ages (C138) and child labor (C182), stating that no person will be employed or engaged in work if they are younger than 15 (or 14 in some developing countries). Light work may be allowed for 12 and 13-year-olds in developing countries provided the work does not interfere with schooling. However, if the legal minimum age is higher than the ILO conventions, then no person may be employed or work if they are younger than the local legal minimum age for work.

## 5. WAGES & BENEFITS

Wage payments shall be set, at a minimum, to ensure that workers can meet their own basic needs and those of their families. Minimum wages may be set by law or regulation, by wage boards, councils, courts or tribunals, or by collective agreement. Workers shall be paid on time and in full for ordinary and overtime hours and for paid leave. Employers shall be paid in legal tender and employees cannot restrict how employees may use their wages.

- 5.1 **Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event, wages shall always be sufficient to meet basic needs.**
- 5.2 **All employees shall be provided with written and understandable information about their employment conditions before they enter employment. This shall include, at a minimum, pay period, wages earned for a period, rate of pay, regular and overtime hours worked, deductions, and benefits.**
- 5.3 **Overtime shall always be compensated at a premium rate, which is recommended to be at least 125% of the regular rate of pay.**
- 5.4 **Wages shall be paid at least monthly, or on a legally required schedule, whichever is more frequent.**
- 5.5 **Wages shall be paid directly to the employee, or if the employee has agreed otherwise, paid directly into an employee-controlled account.**
- 5.6 **Wage deductions as a disciplinary measure are prohibited. Employers shall not make any wage deductions that are not required under law without the employee's express, verifiable consent.**
- 5.7 **Employers shall maintain accurate payroll and production records.**

## 6. WORKING HOURS

Limits on working hours support employee health and safety. Employers should provide sufficient rest between shifts and enable workers to balance family and work responsibilities. Regular and overtime hours and weekly rest are to be determined by national laws, regulations or agreements between worker(s) and employer(s).

- 6.1 **Working hours shall not be excessive. Working hours must comply with national laws, collective agreements, and the provisions, whichever affords the greater protection for employees. Provisions are based on international labor standards.**
- 6.2 **Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.**
- 6.3 **The total hours worked in any seven-day period shall not exceed 60 hours, except where covered by provision.**

## 6. WORKING HOURS (CONTINUED)

- 6.4 All overtime shall be voluntary. Overtime shall be used responsibly and with consideration of the extent, frequency, and hours worked by individual workers and the workforce as a whole.
- 6.5 Overtime shall not be used to replace regular employment. Employees shall be informed about overtime obligations prior to time of hire and be provided reasonable advance notice of overtime shifts.

## 7. DISCRIMINATION

Discrimination includes any distinction based on race, color, gender, religion, political opinion, national or social origin, medical status, disability, or sexual orientation that results in unequal treatment. Measures to protect certain categories of workers are acceptable when they are provided for under ILO Conventions and Recommendations.

- 7.1 There shall be no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
- 7.2 Pregnancy or HIV tests, or birth control, shall not be required as a condition of employment. Employee medical tests that can be used to discriminate in hiring or employment practices shall not be required.
- 7.3 Foreign or migrant employees shall be employed in full compliance with laws of the host country, including employment, labor and immigration laws. They shall not be subjected to threats of termination or deportation.

## 8. REGULAR EMPLOYMENT

Employment contracts should include the terms and conditions of employment, comply with legal requirements, and be understandable to workers. Employment security is central to workers' rights. International as well as national standards protect workers against unjustified termination and the financial hardship that often follows. Grievance and dispute resolution procedures should be put in place so that workers can raise concerns about their employment and ensure that disputes are dealt with in a consistent, fair, and effective manner.

- 8.1 To every extent possible, work performed must be on the basis of recognized employment relationships established through national law and practice.

## 8. REGULAR EMPLOYMENT (CONTINUED)

- 8.2 Employee terminations shall be in full compliance with the law and copies of termination records shall be maintained.
- 8.3 Employers shall only use legally recognized employment agencies with a current license and shall ensure that recruitment of employees, whether directly or indirectly, complies with applicable laws and regulations. All employees must be validated by the employers for their legal right to work by reviewing original documentation.
- 8.4 Obligations to employees under labor or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labor-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.
- 8.5 If allowed by national law, an anonymous and confidential method for all employees to raise concerns to senior level management at the facility without fear of retaliation shall be provided. Employees' submissions and the progress of their resolution shall be tracked and recorded.

## 9. HARSH OR INHUMANE TREATMENT

It is expected that employers create and maintain an environment that treats all employees with dignity and respect. Harsh and inhumane treatment violate universally recognized international legal standards and have always been unacceptable behavior and prohibited conduct.

- 9.1 No harsh or inhumane treatment is allowed. Physical, sexual, and verbal abuse or discipline or other harassment and forms of intimidation or threat is prohibited.
- 9.2 Written disciplinary policies and procedures and records of disciplinary actions for all employees shall be maintained. Illegal or excessive disciplinary actions are prohibited. Monetary fines or disciplinary wage deductions are prohibited.

## 10. ENVIRONMENTAL STEWARDSHIP

Environmental supply chain impacts can be severe and may involve toxic waste, water pollution, loss of biodiversity, deforestation, long term damage to ecosystems, water scarcity, hazardous air emissions, high greenhouse gas emissions, and energy use. Suppliers should address environmental impacts by applying a precautionary approach, promoting greater environmental responsibility, implementing the usage of clean technologies, and supporting sustainable agriculture practices where applicable.

## 10. ENVIRONMENTAL STEWARDSHIP (CONTINUED)

- 10.1 Suppliers must have an effective environmental protection policy and comply with the requirements of local, national and international environmental laws.
- 10.2 Suppliers must be able to demonstrate that they have the relevant valid permits for use and disposal of resources. Environmental certifications, environmental management systems and other relevant documentations should be available for review.
- 10.3 Chemicals and other hazardous materials shall be managed to ensure their safe handling, movement, storage, recycling or reuse and disposal. In the event that hazardous or polluting materials are discharged improperly, appropriate authorities shall be notified, and immediate action shall be taken to correct and remediate.
- 10.4 To improve air quality, chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be identified, characterized, monitored, controlled and treated as required prior to discharge or disposal.
- 10.5 Suppliers shall continuously monitor and disclose their energy, emissions, waste disposal, and water consumption. They will employ programs to constantly improve environmental protection and minimize negative impacts.
- 10.6 Suppliers shall protect and promote community land rights, including those of indigenous peoples.

## 11. ANTI-CORRUPTION & BUSINESS ETHICS

Supply chain corruption risks include procurement fraud, misrepresentation (either negligent or intentional), and corrupt practices involving governments. Members of the supply chain who engage in meaningful anti-corruption programs can improve product quality, reduce fraud and production costs, ensure legal liability, promote an equitable business environment, and create a more sustainable platform for future growth. Establishing a reputation for fair and honest dealing will promote trade and improve the bottom line.

- 11.1 Suppliers shall conduct business ethically without bribery, corruption, or fraud and abide by related local and national laws.
- 11.2 Where required by law, suppliers must be able to demonstrate that they comply with all ethical and legal fiscal responsibilities.
- 11.3 Employees shall have access to a transparent system in place for the confidentially reporting and dealing with unethical business practices without fear of reprisal.
- 11.4 Suppliers should ensure that staff responsible for receiving or observing issues on ethical business practices are properly trained on what action to take in the event of an issue arising in their area.

## CRITICAL VIOLATIONS

Suppliers should endeavor to exceed the standards expressed by the foregoing principles. However, certain “critical violations” shall not be tolerated. If any of the following critical violations are discovered in your organization, or within your supply chain, they must be eliminated within forty-eight (48) hours of either discovery or notification to the responsible party. Suppliers shall notify NSI of any such critical violations and provide a detailed action plan to correct the violation.

NSI has identified the following critical violations:

1. **Forced, bonded, indentured, slave and illegal prison (or convict) labor**
2. **Human trafficking**
3. **Health and safety conditions posing immediate risk and material risk to persons**
4. **Illegal child labor**
5. **Failure to provide rest days**
6. **Failure to follow applicable laws and regulations on employment and compensation**
7. **Physical or sexual abuse related to the workplace or employment**
8. **Corruption, deception or falsification of records**
9. **Bribery or attempted bribery**

NSI reserves the right to terminate any open purchase order, cancel any contract, or restrict future business with any Supplier who violates this policy on critical violations of this Code.

## COMPLIANCE AUDITS

To assist you in complying with this Code, NSI reserves the right to use third-party audits evaluate Code compliance and to manage other supply chain risks. Suppliers shall maintain the documentation necessary to verify compliance with this Code and all applicable laws and regulations. Such documentation may include, but is not limited to, licenses, permits, certifications, policies and procedures, and employee and facility records. Upon request, suppliers shall make this documentation available to NSI or NSI’s third-party auditors. Suppliers shall ensure that their third-party employment agencies shall comply with this documentation requirement.

NSI uses a risk-based approach to auditing which focuses on and allocates resources to suppliers and facilities that may pose a higher risk of non-compliance with this Code or where non-compliance poses a higher risk to NSI. However, all suppliers and facilities may be audited at any time. Audit procedures may include an opportunity for confidential and private interviews with employees selected by the auditor. Employers shall not coach employees on how to respond in interviews. Employers shall not retaliate against any employee who is interviewed or selected for interview. All interested parties shall maintain the highest standards of integrity, honesty, and transparency for all aspects of the audit process.

## COMPLIANCE AUDITS (CONTINUED)

All suppliers are expected to remediate any non-compliance that is identified in the audit report. Any critical violations shall be addressed as provided above. For other violations, NSI shall have the right to review and approve any corrective action plan and also set a target re-audit date, within a reasonable time frame, to ensure that violations have been corrected.

If continuous improvement and eventual full compliance are not achieved within the specified time frame, NSI retains the right to cancel the purchase order or contract, in whole or in part, and restrict future business. NSI may consider resuming business with the supplier or facility after an audit satisfactory to NSI and/or the end client has been completed.

## CONCLUSION

Although NSI must have recourse for non-compliance, the strongest tools that we have are our suppliers. The important aspects of this Code, the tough decisions, and the day-to-day operations all take place when NSI has no “eyes into the everyday” - situations where we cannot be physically present. It is only when our suppliers embrace this Code as a “way of life” that we can be comfortable that the standards are met, continuous improvement is prioritized, and industry bottom-line is moving forward.

Thank you for your commitment to partner with NSI in undertaking positive action to address the human rights, labor relations, environmental, and corruption issues that challenge our industry. It reflects your respect for the human condition, and your understanding that this is simply the right thing to do. We pledge to support your sincere effort to embrace the spirit of this Code and implement complimentary policies and procedures to broaden socially and environmentally sustainable business practices within our industry.

**The principles underlying this Code represent a path to the long-term viability of our planet, society, and business. We are proud to have you join us.**

For any questions regarding this Code or to learn more about opportunities for sustainability partnership, please contact:

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