

# REGULATION FOR SUPPLIERS



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**AT THE TIME OF THE CONSULTATION, COSTA VERDE, SHALL DELIVER THIS REGULATION TO THE COMPANY'S REPRESENTATIVE OR ALLOW ITS ONLINE CONSULTATION ON THE COMPANY'S WEBSITE HTTP://WWW.COSTA-VERDE.COM/ ..... 4**

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## Disclaimer regarding inclusive language

We have decided to forego the references pertaining to gender breakdown, thus ignoring something that is commonly considered good practice, that is to say the use of inclusive language, given the extension of the content of this document. We understand that our concerns regarding this matter are reflected in our values, and are widely known by all our interested parties.

## General Framework

At *Porcelanas da Costa Verde*, S.A. we acknowledge that our business activity has a social and environmental impact. To this end, *Costa Verde* considers an essential condition, for the establishment of business partnerships, that any business activity has a general positive impact and effect on both people as well as the environment.

## Goal

This Regulation is the result of the implementation of the Integrated Management System at *Porcelanas da Costa Verde*, a device committed to the full compliance with the requisites of the standards ISO 9001 (Quality), ISO 14001 (Environment), OHSAS 18001 (Occupational Health and Safety) and SA 8000 (Social Responsibility).

The main goals of this Regulation are:

To disclose Costa Verde's Sustainability Policy and Code of Ethics

To establish the requisites, within the scope of the aforementioned standards and the main legislation applicable to the activities developed for Costa Verde

To promote our Suppliers' commitment with the values and performance principles held and practiced by Costa Verde.

## Scop

This regulation is applicable to all the Suppliers of goods and services hired by *Porcelanas da Costa Verde*.

## Responsibilities

The suppliers hired by *Costa Verde* are responsible for the fulfillment of this regulation. The inspection aimed at determining the compliance with this Regulation's requisites shall be carried out by the person in charge of the goods or service requisition. The System Management area shall be available to monitor and check the requisites in regards to the compliance with this Regulation. This compliance inspection can also be made by an entity hired specifically for this purpose, namely by using audits.

The rules listed in this document are subject to changes, and *Porcelanas da Costa Verde* is obligated to provide information regarding any changes which might occur by sending the necessary early notice and the Supplier is obligated to expressly accept such changes. In the event of non-compliance by the Supplier, it is hereby acknowledged that Costa Verde shall have the right to charge the Supplier any costs resulting from such non-compliance.

## Commitment at Porcelanas da Costa Verde

The social, environmental, safety and energy performance of Costa Verde also depends on the performance of its Suppliers. In this sense, and so that the company can achieve the objectives it has set, it is essential that its suppliers share the principles and values set out in its Sustainability Policy.

Besides the compliance with this Regulation and its requisites, the Suppliers must be fully aware and informed of, and also inform their employees and collaborators of and insure the compliance

with Costa Verde's internal regulations which are applicable to the work which shall be developed, as well as the compliance with all the legislation applicable to said work.

In the event of a situation in which there is a violation and breach of the Commitment undertaken under Costa Verde's sphere of influence, the Supplier shall be monitored and supported in order to insure the quick resolution of any given issue, in collaboration between the entities or people involved and, whenever it is justifiable, with Governmental Organizations.

All suppliers must identify the root cause and implement corrective and preventive measures to resolve any non-compliance in relation to the requirements of the SA 8000.

They must also promptly inform the company of any and all relationship(s) relevant(s) with other suppliers/subcontractors and sub-suppliers.

At the time of the consultation, Costa Verde, shall deliver this Regulation to the company's representative or allow its online consultation on the company's Website <http://www.costa-verde.com/>

## Code of Ethics and Costa Verde's Politics

See the Manual do CVIS code MCVIS 0.1.

## Commitment with Social Responsibility

According to the terms of the SA 8000 standard, the company must make a reasonable effort to insure that this standard's requisites are met by its Suppliers and sub-suppliers within their sphere of control and influence. To this end, in its Sustainability Policy, Costa Verde insures the use of a supply chain which shares the same company values. The suppliers must, in regards to this, share the social commitments outlined in this document and thus contribute to a fairer society and a cleaner environment.

## Child Labor

Costa Verde does not tolerate any kind of child labor conveyed by external companies and Suppliers and respects children's human rights. It is working to insure that should the existence of child labor in the services provided and supplied by subcontractors and/or Suppliers be detected, the governmental organizations in charge of controlling this kind of situation (for instance, Authority for Working Conditions) are promptly informed of it. Should the use of child labor be detected during the course of the supply of any service, the supplier should provide evidence of the immediate adoption of the proper measures to end such a situation, namely:

- The immediate compliance with the applicable legislation;
- The analysis and correction of the mechanisms which allowed for such a situation to occur;
- The adoption of measures thought to be the most adequate to solve the situation, be it at the level of support of school efforts or at the level of insuring by any and all means possible that the household in question is not deprived from the income which it received, for instance, replacing the underage worker for another household member.

The exclusion of a supplier due to the detection of situations involving child labor is not considered a priority alternative in terms of procedure, as it does not allow for the protection and safeguard of the child's best interests. The priority solution in terms of procedure is the continuation of the supply relationship, following an effective "alignment" of the supplier's conduct with the social commitments undertaken by Costa Verde, thus enabling the maintenance of the family income.

## Forced and Compulsory Labor

Costa Verde considers the use of forced labor a wholly reprehensible and inadmissible practice, completely contrary to the company's Sustainability Policy as well as the applicable legislation, not allowing for example the following:

- Requesting deposits from its employees or that they give them their identification documents when they start working at the company;
- Forcing any worker to work against his/her will (with or without salary or compensation) and where the person is not free to terminate its employment contract, whenever he/she so wishes to do so.

No use of forced labor shall be made in the course of the activities developed by, for or in representation of Costa Verde. If, eventually, any kind of forced labor situation is detected, such a situation must immediately be reported to the Human Resources department so that the proper resolution measures are promptly taken.

Should, in the course of any supply of services, any situation in which the workers are subject to any kind of forced labor be detected, the supplier must provide evidence of the immediate adoption of the adequate resolution measures, namely:

- Immediate compliance with the applicable legislation;
- Analysis and correction of the mechanisms which allowed for the occurrence of such a situation;
- Adoption of measures considered the most adequate in order to resolve the issue at hand; in what concerns, for instance, the regularization of the non-compliance situation and the possibility of the maintenance of the labor relationship between the employee and the employer and the non-interruption of salary payments.

The exclusion of a supplier due to the detection of forced labor situations is not considered a priority alternative in terms of procedure, as it does not allow for the protection and safeguard of the unprotected worker's best interests. The priority solution in terms of procedure is the continuation of the supply relationship, following an effective "alignment" of the supplier's conduct with the social commitments undertaken by Costa Verde, thus enabling the maintenance of the labor relationship between the employee and the employer and the non-interruption of salary payments.

## Health and Safety

Within the scope of the Occupational Health and Safety system, which was implemented and certified according to the requisites of the standard OHSAS 18001, Costa Verde is committed to the establishment and maintenance of a safe work environment for all those who intervene in its work processes, minimizing the number of labor accidents and contributing to the dissemination of a culture of safe and healthy behavior among its collaborators, employees and remaining interested parties.

To this end, the supplier must take adequate measures to prevent accidents and damages to people's health, minimizing the risks associated with the activities which are carried out. It must also insure that all the workers participate in regular and registered training courses on occupational health and safety, namely regarding any activities which they carry out for Costa Verde.

## Freedom of Association and Right to Collective Bargaining

As stated expressly in the Costa Verdes's Code of Ethics, we respect the right of our Collaborators and Employees to freely associate themselves to Trade Unions and value other forms of worker representation. Therefore, the supplier should assume this commitment as well and respect its

workers' right to freely associate themselves with any trade unions of their choice or to collective bargaining.

## Discrimination

At Costa Verde, we do not tolerate any form of discrimination, based on race, age, social class, nationality, religion, disability, gender, sexual orientation, trade union membership, political affiliation or any other which violate any human rights. The supplier must not accept or support any situations of discrimination involving any worker of its Company.

## Labor Practices

The collaborators and employees must have working conditions which surpass the minimum legal requirements, namely in what concerns their salary compensations, working hours, professional qualification and vocational training courses, by means of a culture that values personal efforts and work, that respects Human Dignity and allows for levels of motivation and satisfaction which are adequate to the development of excellence based performances.

At Costa Verde, we do not allow the use of corporal punishment, mental or physical coercion and verbal abuse as an accepted form of disciplinary practices. The supplier must also not allow the use of corporal punishment, mental or physical coercion and verbal abuse as disciplinary practices.

## Working Hours

The supplier must comply with the applicable legislation and industry standards regarding working hours and it must also comply with the rules and regulations outlined in the standard SA8000, should these be more demanding than those specified in the applicable legislation.

## Wages

The wages of the collaborators and employees must match at the very least the legal or minimum industry standards and also provide some extra income besides one that covers basic necessities.

## Rules to comply within the premises

### Rules of Conduct

The External Company or its representative is not exempt of responsibility on the issues of good security practices at work, environmental and social responsibility, as well as energy efficiency, along with the functions of the Internal Responsible employee. When accessing our *Porcelanas Costa Verde* facilities you must comply with the following rules:

- ✓ Always show identification at the gatehouse stating the type of service to be performed and who the internal responsible employee is;
- ✓ Do not initiate your activity without receiving prior training by our security services;
- ✓ If you perform a noisy activity, such as welding, cutting, working at a height, machinery maintenance of, among others, you must report it to the internal responsible employee;
- ✓ Do not park your vehicle in a way that you may obstruct the internal movement;
- ✓ Vehicles must not travel faster than 20km/h;
- ✓ Respect the rules and existing safety signs;
- ✓ Respect the mandatory use of Personal Protective Equipment (PPE);
- ✓ Follow the waste separation rules;
- ✓ Do not smoke or drink alcohol in the *Costa Verde* facilities;
- ✓ Report if any leakage is detected (e.g. compressed air, gas, water, oil, etc..) or emergency;
- ✓ Waste burning is not permitted;

- ✓ Preferably use energy-efficient equipment; turn them off whenever you leave a specific place, and avoid leaving equipment on stand-by;
- ✓ In case of evacuation, obey strictly to the instructions given by the evacuation team members or internal responsible employee.

In the case of an evacuation, strictly obey the instructions for the elements of evacuation teams or internal support.

## General Safety, Environment and Energy requirements

Given the rise of sustainability issues in the current society, *Porcelanas Costa Verde* has implemented an Integrated Management System, being certified by the NP EN ISO 14001, and by the NP 4397, with the OHSAS 18001 and ISO50001 specifications.

The contracting of products, equipment and services in the energy sector is partially evaluated based on their energetic performance.

As security, environment and energy are also our concerns towards all the workers in our facilities, regardless of being a Costa Verde member or a service company. It is based on these concerns that new rules of entry of foreign workers in our facilities will be implemented as of June 2012.

Therefore, all workers who may perform work within our facilities must be trained before starting work. This training will be given by one of the Costa Verde internal trainers and registered on the sheet itself. The access control will be made at the gatehouse.

Training will consist of the following contents:

- ✓ Compliance with the accident prevention regulations;
- ✓ Follow General Safety Instructions for an External Company;
- ✓ Authorization for hazardous work; emergency operating procedures (spills, leaks, etc.)
- ✓ Information about the specific workplace;
- ✓ Location of fire extinguishers and emergency exits; high hazard zones;
- ✓ Use of equipment belonging to Costa Verde;
- ✓ Access restrictions;
- ✓ No smoking and alcohol consumption; behaviour rules and hygiene;
- ✓ Work outside normal working hours;
- ✓ Forward liquid effluents generated by the WWTP;
- ✓ Forward generated waste to the company's waste site;
- ✓ Use preferably energy-efficient equipment;
- ✓ Use the least amount of compressed air possible, and do not use it for personal cleaning;
- ✓ Legal protections are mandatory. Do not remove or modify without authorization.

## Performance in Case of Emergency

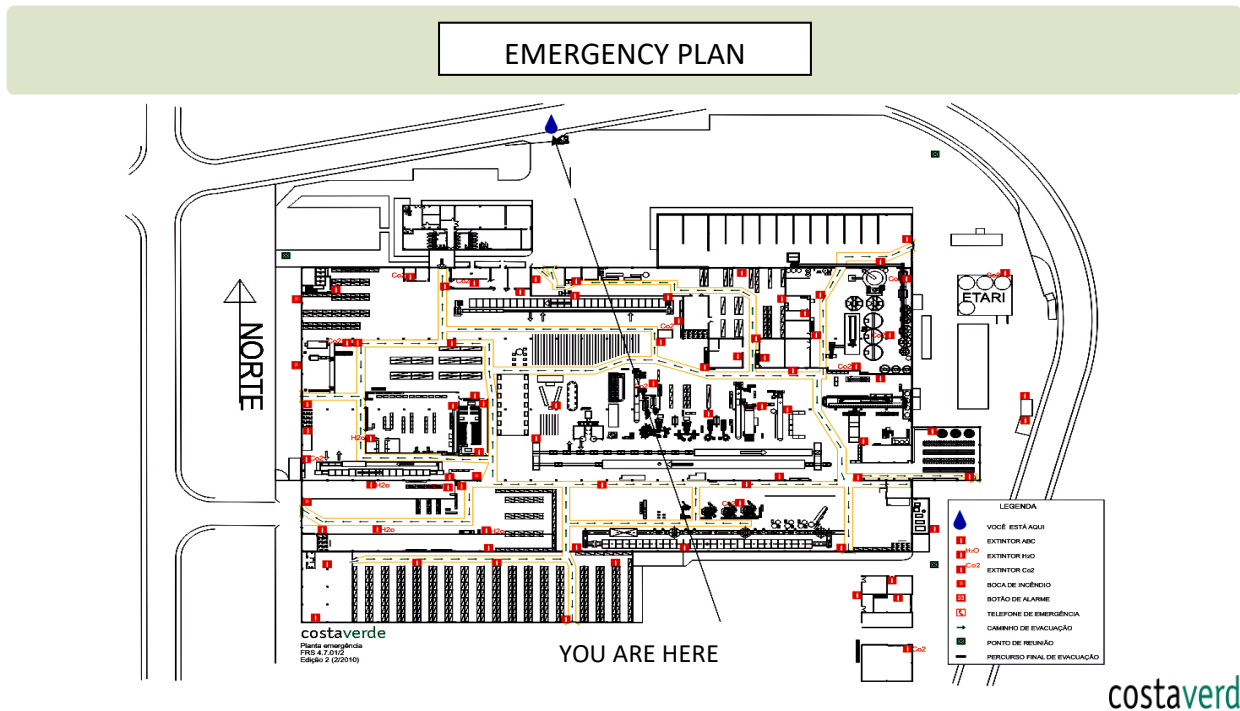
### **If You Hear the Alarm Sound:**

Follow the instructions of those responsible;

Head to the meeting point indicated in the emergency plan;

Do not run, keep calm;

Do not go back to the company's premises without authorization.



**Mandatory Documentation**

All the suppliers must supply Costa Verde with the requested documentation applicable to that specific work, in accordance with this Regulation, and also undertaking to update their documentation, promptly informing Costa Verde of any change which might occur.

**The Declaration of Acceptance of this Regulation for Suppliers is mandatory for all the suppliers and the award of any proposals shall be conditioned by its presentation.**

PRODUCT/ SERVICE	Mandatory Documentation
DRILLING OF WATER WELLS	Proof of activity's licensing. EC marking certificates of the equipment to be used in Portuguese.
ELECTRICAL INSTALLATION PROJECTS	Proof that the technician in charge of the execution of any electrical installation projects is a technician recognized by the General Directorate for Energy (DGE).
GAS NETWORK INSTALLATION PROJECTS	Projects must be drawn by a certified entity for the purpose (installer assembler). There must be a liability waiver signed by the entity, it must annually inspect the gas network and report thereon. Surveys / triennial inspections to the gas system must be performed by an entity recognized by the DGE.
PRESSURE EQUIPMENT (e.g.: compressed air deposits). And GAS EQUIPMENT	EC declaration of conformity and EC marking.
EQUIPMENT	EC declaration of conformity Instruction manual EC marking
PUCHASE OF USED MACHINERY	EC declaration of conformity Instruction manual



PRODUCT/ SERVICE	Mandatory Documentation
REFRIGERATION EQUIPMENT (air conditioning and heat pump) – Purchase	EC marking certificate in Portuguese Guarantee of non-supply of banned gases. Technical documentation of the equipment. Technical information form of the used gas. Copy of the Safety Data Sheet in Portuguese of the refrigeration gas used. Evidence of adherence to an integrated system of WEEE (producers and importers).
REFRIGERATION EQUIPMENT (air conditioning and heat pump) – Maintenance	Copy of the technicians' certificates
ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY MONITORING AND MEASUREMENTS	Accreditation certificate, in case it has not been submitted yet. Certificate of weather confirmation for the equipment used in non-accredited trials.
SERVICES PERTAINING TO THE TRAINING COURSES	Pedagogical Competence Certificate of the instructors.
OILS	Copy of record no. attributed by the Waste Institute for the collection/transportation of used oils activity. Safety Data Sheet of used oils.
BUILDING INDUSTRY SUPPLIERS	Health and safety plan at the design stage of the project and execution in the works with project. Safety instructions for the works to be carried out in the works without project
PACKAGED PRODUCTS	Copy of the Technical Data Sheets (in the case of hazardous products attach the Safety Data Sheets as well), corresponding to the products used by Porcelanas da Costa Verde.
CHEMICAL PRODUCTS, including hazardous raw materials	Copy of Technical Data Sheets (in the case of hazardous products attach the Safety Data Sheets as well), corresponding to the products used by Porcelanas da Costa Verde. REACH record no. when applicable.
SERVICE SUPPLIERS (Maintenance, Cafeteria, Machinery, Cleaning, Building works, Computing, etc.)	a Agreement in regards to environmental practices and safety practices at Costa Verde's facilities - good environmental and safety practices guide (ITC 0.5), of which we must stress the following: a) If you use chemical products hazardous to the environment you should inform the person in charge for the environmental issues, supply a copy of the respective Safety Data Sheet and follow whichever instructions are then supplied to you; b) the supplier/subcontractor must previously provide the person in charge for the environmental issues with supporting documents (authorizations) of the transporting companies and recipients chosen to receive the specific waste of that particular activity generated during the supply of services.

PRODUCT/ SERVICE	Mandatory Documentation
	<p>EC declaration of conformity regarding the regularization of the workers and Proper and Good Operation of the Equipment, such as:</p> <ul style="list-style-type: none"> <li>✓ Contract of employment;</li> <li>✓ Social Security (SS statement declaring that the company's contributory situation is in order);</li> <li>✓ Insurance policy for work related incidents;</li> <li>✓ Insurance policy for civil liability;</li> <li>✓ Workers' aptitude sheets;</li> <li>✓ Copy of the certificates of the Occupational Health and Safety Training Courses.</li> </ul> <p>If the collaborators and employees are foreigners with a Residence Permit:</p> <ul style="list-style-type: none"> <li>• Company statement regarding migrant workers</li> <li>• Valid Residence Permit or updated Passport with a residence visa</li> </ul> <p>If the collaborators and employees are underage workers over 16 years of age</p> <ul style="list-style-type: none"> <li>• Authorization statement from parents</li> <li>• School statement declaring that the person in question has concluded compulsory education or that he/she is currently completing it.</li> </ul>
HAZARDOUS WASTE TRANSPORTATION	ADR for the vehicles as well the drivers.
WASTE RECIPIENTS	<p>Copy of the activity license. Copy of the activity license, if applicable. Triple copy of License Model A (period of 30 days).</p>
RAW MATERIALS FOR THE ELABORATION OF THE PASTE	License/permit of usage in the first supply or at the time of the exchange of the usage.
CARDBOARD PACKAGES	Proof of compliance with the essential packaging requisites (Heavy metal concentration and percentage of high-risk substances)
FIRE EXTINGUISHERS	Intervention sheet pertaining to fire protection systems and fire extinguishers.

## Declaration of Acceptance of the Regulation for Suppliers

The Company \_\_\_\_\_, whose agreement with Porcelanas da Costa Verde pertains to \_\_\_\_\_, hereby declares, through its Representative, who had access to the Regulation for Suppliers, containing the rules and regulations pertaining to the development of the works, and therefore undertakes, in an informed and voluntary manner, the followings commitments:

- To comply with the procedures established and outlined in the Regulation for Suppliers, as well as inform all company workers and subcontractors of said procedures and insure that they carry them out properly;
- To share and assume all commitments established and outlined in Costa Verde's Sustainability Policy in regards to the standards pertaining to Quality, Environment, Safety and Social Responsibility, thus taking up the role of an active member of the "Supply Chain with a Social Performance";
- To host the Costa Verde review team or anybody else sent on their behalf, whenever requested, for verification of compliance with the undertaken commitments.

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_