

CORPORATE SOCIAL COMPLIANCE

AVANOS' SUPPLIER SOCIAL COMPLIANCE STANDARDS

INTRODUCTION

Avanos is dedicated to its mission to advance health and healthcare by preventing infection, eliminating pain and speeding recovery. We provide products and service to our customers that we believe improve the wellbeing of the people we touch every day. We're also committed to being Authentic, Bold and Caring in how we operate as a company. And we believe that the way we do our business is as important as the business we do. Simply stated, operating with integrity and high ethical standards is the Avanos way of doing business. We are committed to social responsibility through our practices and relationships with all our stakeholders and the communities we serve and we seek to do business with suppliers who share our social and environmental values.

Suppliers play an important role in the success of Avanos and the effectiveness of our social responsibility. In order to ensure our suppliers understand our commitment to social responsibility, we have developed Supplier Social Compliance Standards (SSCS). Please review the standards and commit your company to adhering to the requirements set forth.

The SSCSs outline Avanos' expectation that its direct suppliers operate at a minimum, in accordance with the labor and environmental laws and regulations of the country and local jurisdictions where they operate. These laws and regulations include, among others, those that address abuse of labor and the rights of employees to choose whether to be represented by third parties and to bargain collectively.

Suppliers must be able to demonstrate full compliance with the SSCS at the request of Avanos. These requirements are a part of all agreements between Avanos and its direct suppliers. To insure continued adherence to these standards formal audits may be required by Avanos and/or our customers. Audit testing for compliance with the SSCS are conducted over the world in all of our supply chains. Avanos receives a full, detailed audit report. Auditors will not give the results or rating on site when audits are being paid by Avanos. Avanos will make sure the audit was done to our satisfaction and thereafter the remediation plan, determination, timing and method of follow up will be determined and communicated to the supplier.

We look forward to working with you so that you understand and feel comfortable with the SSCS. If you have any questions or would like to discuss our supplier social responsibility requirements in more detail, please email Shivani Kaul at shivani.kaul@avanos.com.

WE ASK THAT YOU:

- Review this Guide.
- Familiarize yourself with the SSCS.
- Work to align your facility with the SSCS.

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SUPPLIER SOCIAL COMPLIANCE STANDARDS

The SSCS Requirements are a vital pillar of Avanos' workplace accountability programs. These standards are driven by the belief that good corporate citizenship is essential to our long-term business success and must be reflected in our relationships and actions in our workplaces and the workplaces of those who are authorized to directly supply our businesses.

Recognizing that there are differences in laws, customs, and economic conditions that affect business practices around the world, we believe that shared values must serve as the foundation for relationships between Avanos and its suppliers. SSCS communicates our values and expectations and emphasizes the importance of responsible workplace policies and practices that comply, at a minimum, with applicable occupational safety and health, environmental and labor laws and regulations. The standards outlined below reflect the values we uphold in our own policies, and we expect our suppliers to incorporate these values as well.

The SSCS is a critical component of Avanos' practice to have fair and beneficial practices toward labor and the communities in which we do business. It also ensures high standards with all our suppliers. In 2010, as part of Kimberly-Clark Corp., we made this commitment public and transparent when we signed the United Nations Global Compact (UNGC), which is a voluntary framework for businesses that are committed to aligning their operations and strategies with universally accepted principles in the areas of human rights, labor, the environment and anti-corruption. The SSCS aligns with the principles of the UNGC as a continued process of expanding our UNGC commitment into our supply chain.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Respect employees' rights to freedom of association, to engage in other protected activities and the right to refrain from such activities. Where employees are represented by a legally recognized union, the right to have their chosen representatives have reasonable access to the employees in order to represent them and bargain in good faith with such representatives.

PROTECTION AGAINST CHILD LABOR

Suppliers shall not employ any person under the age of 15. If local law sets minimum age lower but is in accordance with developing country exceptions under the International Labor Organization Convention 138, the lower age will apply. Suppliers shall not recruit child labor nor exploit children in any way. If children are found to be working directly for the supplier, the latter shall seek a sensitive and satisfactory solution that puts the best interests of the child first.

PROHIBIT FORCED LABOR AND ABUSE OF LABOR

Prohibit physical and mental abuse of employees as a form of discipline and prohibit the use of all forms of forced labor, including forced prison labor, indentured labor, bonded labor or slave labor and the human trafficking associated with such abuses.

PROHIBIT DISCRIMINATION

Prohibit discrimination and harassment on the basis of legally-protected characteristics in all aspects of employment, including the recruitment, hiring, placement, training, compensation, treatment and advancement of employees.

WORK HOURS, WAGES AND BENEFITS

Compensate employees relative to the industry and/or local labor market. Operate in full compliance with applicable wage and hour and benefits laws.

PROVIDE A SAFE AND HEALTHY WORKPLACE

Strive to provide a secure, safe and healthy workplace. Maintain a productive workplace by complying with all applicable occupational safety and health laws, rules and regulations as well as by mitigating the risk of accidents, injury, and exposure to health risks.

PROTECT THE ENVIRONMENT

Conduct business in compliance with all applicable environmental laws, rules, and regulations.

BUSINESS INTEGRITY

Strive to provide a workplace free of bribery and corruption by complying with all applicable laws relating to bribery, money laundering and/or corruption as well as prohibiting the exchange of money or anything else of value to or from anyone, including government officials, to influence actions or obtain **an improper advantage**.

CONFLICT MINERALS

Supplier will responsibly source “conflict minerals” (tin, tantalum, tungsten or gold) from either mines and smelters outside the Democratic Republic of Congo (DRC) and neighboring countries, or mines and smelters that have been designated as “conflict free” by EICC-GeSI (Electronic Industry Citizenship Coalition – Global E-Sustainability Initiative) and will develop and provide written evidence documentation of their own due diligence programs to ensure “conflict free” supply chains.

RECOGNITION OF OTHER SOCIAL COMPLIANCE AUDITS

We recognize that many suppliers are asked by multiple customers to conduct social compliance audits to demonstrate compliance. Avanos agrees to review audit reports to determine if internal criteria are met. Recognition of an audit report does not signify that an assessment is passed. Depending on audit results, additional follow-up or a new assessment may be required to demonstrate that issues are resolved. Assessments should meet the following criteria to be considered:

- 1. Audit Integrity:** An acceptable audit report is complete and not redacted with the exception of confidential production information. Examples of audits we will accept include but are not limited to: SMETA, AIM-Progress, Disney and Walmart.
- 2. Acceptable Auditor:** Use of external auditors is preferred to provide an assurance of objectivity.
 - Preferred Audit firms have independent accreditations. Avanos frequently uses UL-STR and Intertek but others may be acceptable as well.
 - The auditor must be named and auditing affiliation disclosed to allow validation.
- 3. Acceptable Process:** The process used by an auditor to determine noncompliance is based on visual inspection, documentation review and confidential employee interviews.
- 4. Acceptable Audit Coverage:** Any submitted audit should be a social compliance assessment (not food safety or quality) which verifies compliance to local law with regard to Labor, Freedom of Association, Health and Safety, Environment and Business Integrity.
- 5. Acceptable Timeframe:** Audits within the last 12 months may be submitted
- 6. Remediation:** Once an audit report is accepted, and it is determined that violations are still in the remediation process, the remediation of the violations will be tracked, reported and followed-up upon in the same manner as any other audit to ensure ongoing compliance is maintained. If all violations in the audit report are successfully remediated, please forward proof of the remediation(s).

OUR MANDATORY LEVEL COMPLIANCE STANDARDS

Mandatory Compliance means a facility must demonstrate the absence of any violations in these areas to the satisfaction of Avanos. While Non-Mandatory Compliance question exceptions will not affect the results of a social compliance audit but will be used to foster a consultative process with our suppliers, with the focus being capability building around desired practices that are fully aligned with the SSCS.

In most cases, Suppliers will not be required to report remediation plans for Non-Mandatory Compliance exceptions but are nonetheless expected to incorporate appropriate changes into their business processes. Remediation plans and timelines for Mandatory Compliance exceptions will vary with the nature of the violation.

CHILD LABOR

THE U.N. Global Compact	SSCS	The Requirement
Effectively abolish child labor.	Suppliers shall not employ any person under the age of 15. If local law sets minimum age lower, but is in accordance with developing country exceptions under the International Labor Organization Convention 138, the lower age will apply. Suppliers shall not recruit child labor nor exploit children in any way. If children are found to be working directly for the supplier, the latter shall seek a sensitive and satisfactory solution that puts the best interests of the child first.	Comply in accordance with the International Labor Organization Convention 138.

KEY REQUIREMENTS

- Hiring ages on employee contracts or applications represent legal age for employment.
- Copies of legal proof of age documents available for all employees, including photo ID.
- Procedures are in place to verify age.
- Documents are available for randomly selected employees on the work floor.
- Juvenile employees are not engaged in hazardous work.

INDICATORS OF PERFORMANCE GAPS

- Workers currently of legal age were hired while under age.
- Child labor is observed on the day of the audit.

- Child labor has been reported and corroborated by at least two sources.
- Procedures are not effective for verifying age.

CHILD LABOR: EXAMPLES OF FINDINGS AND CORRECTIVE ACTIONS			
Finding	Corrective Action	Recommended Time Table	Confirmation Method
Minimum Working Age: The youngest age of workers do not comply with local legal requirements.	The employee must immediately be removed from the work floor and shall see a sensitive and satisfactory solution that puts the best interest of the child first.	Immediately	Supplier shows proof of completion of corrective action and possible follow up audit.
Verification of Age: There are no effective procedures to verify the age of a worker at the time of recruitment.	Ensure a system is in place to verify new and existing workers are in compliance with the International Labor Organization Convention 138	60 days	Supplier shows proof of completion of corrective action.
Hazardous Work: A worker under the age of 18 is found to be engaged in hazardous work.	Remove the juvenile from the hazardous work that they are assigned and place them elsewhere.	Immediately	Supplier shows proof of completion of corrective action and possible follow up audit.

FORCED LABOR

THE U.N. Global Compact	SSCS	The Requirement
Elimination of all forms of forced and compulsory labor.	Prohibit the use of all forced labor, including forced prison labor, indentured labor, bonded labor or slave labor.	Supplier will not use all forced labor, including forced prison labor, indentured labor, bonded labor or slave labor.

KEY REQUIREMENTS

- No forced, prison, indentured, bonded or slave labor.
- Work is conducted on a voluntary basis.

INDICATORS OF PERFORMANCE GAPS

- Evidence of slave or forced labor.
- Use of forced prison labor.
- Employee mobility is restricted.
- Facility retains original worker documentation with or without worker permission.

FORCED LABOR: EXAMPLES OF FINDINGS AND CORRECTIVE ACTIONS			
Finding	Corrective Action	Recommended Time Table	Confirmation Method
Forced Labor: Mental or physical abuse is used as a form of discipline or motivation.	Employees are allowed to do their work without the threat of mental or physical abuse.	Immediate.	Supplier shows proof of completion of corrective action and possible follow up audit.
Forced Labor: Evidence of forced prison labor and/or forced labor was found.	Discontinue use of forced prison labor and/or forced labor.	Immediate.	Supplier shows proof of completion of corrective action and possible follow up audit.
Free Movement: Employees are required to surrender original documents such as ID Papers.	Make copies of all documentation and return originals to employees.	Immediate.	Supplier shows proof of completion of corrective action and possible follow up audit.
Free Movement: Employees are restricted from leaving work after working hours.	Allow employees to leave the facility at end of shift.	Immediate.	Supplier shows proof of completion of corrective action and possible follow up audit.

ABUSE OF LABOR

SSCS	The Requirement
Prohibit physical and mental abuse of employees as a form of discipline.	Supplier will comply with all applicable local and national laws on abuse of employees and will not physically abuse employees.

KEY REQUIREMENTS

- No evidence of physical abuse of workers (reported or observed).
- No threats of physical abuse.

INDICATORS OF PERFORMANCE GAPS

- Observed or reported verbal threats of physical abuse
- Observed or reported physical abuse.

ABUSE OF LABOR: EXAMPLES OF FINDINGS AND CORRECTIVE ACTIONS			
Finding	Corrective Action	Recommended Time Table	Confirmation Method
Physical Abuse: Employees are physically being coerced into completing their work before they leave.	Immediately stop the practice.	Immediate.	Supplier shows proof of completion of corrective action and possible follow up audit.
Physical Abuse: Supervisors are using physical punishment as a disciplinary practice.	Immediately stop the practice.	Immediate.	Supplier shows proof of completion of corrective action and possible follow up audit.

FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING

THE U.N. Global Compact	SSCS	The Requirement
Respect freedom of association and the effective recognition of the right to collective bargaining.	Respect employees' rights to freedom of association, to engage in other protected activities and the right to refrain from such activities. Where employees are represented by a legally recognized union, the right to have their chosen representatives have reasonable access to the employees in order to represent them and bargain in good faith with such representatives.	Supplier will comply with all applicable local and national laws on freedom of association and collective bargaining.

KEY REQUIREMENTS

- Facility complies with the terms of the collective bargaining contract.
- Employees are free to collectively bargain.
- Worker representatives and/or trade union members are not discriminated against or penalized because of their membership in or affiliation with a trade union or their legitimate trade union activity.
- Employees who are represented by a legally recognized union have the right to have their chosen representatives have reasonable access to them in order to represent them and bargain in good faith.

INDICATORS OF PERFORMANCE GAPS

- Management does not recognize or refuses to bargain with legally elected employee representatives.
- Workers are refused hire because of their affiliations.

- Management does not comply with the terms of a collective bargaining agreement.
- Evidence of management interfering with a worker's ability to organize or participate legally in a union.

FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING: EXAMPLES OF FINDINGS AND CORRECTIVE ACTIONS			
Finding	Corrective Action	Recommended Time Table	Confirmation Method
Union Affiliation: Workers are penalized for supporting unions or engaging in union activities.	Immediately discontinue practice.	Immediate.	Supplier shows proof of completion of corrective action.
Union Affiliation: Management bribes employees for not joining unions.	Immediately discontinue practice.	60 days	Supplier shows proof of completion of corrective action.
Collective Bargaining Agreements: Management refuses to adhere to the terms of an approved collective bargaining agreement.	Facility should respect the terms of the agreement and engage in dialogue with union representatives to resolve conflicts.	60 days	Supplier shows proof of completion of corrective action.
Collective Bargaining Agreement: Management refuses to bargain with employees.	Immediately discontinue practice and engage in fair bargaining with employees.	Immediate.	Supplier shows proof of completion of corrective action.

DISCRIMINATION

THE U.N. Global Compact	SSCS	The Requirement
Elimination of discrimination in respect of employment and occupation.	Prohibit discrimination and harassment on the basis of legally-protected characteristics in all aspects of employment, including the recruitment, hiring, placement, training, compensation, treatment and advancement of employees.	Supplier will not discriminate on the basis of pregnancy or the ability to become pregnant.

KEY REQUIREMENTS

- Hiring practices pay and opportunities for advancement are based on occupational skills and experiences.
- Discrimination and harassment are prohibited on the basis of pregnancy in all aspects of employment, including the recruitment, hiring, placement, training, compensation, treatment and advancement of employees.

INDICATORS OF PERFORMANCE GAPS

- Employees are required to undergo mandatory pregnancy testing prior to being hired as a condition of employment.
- Job assignments are based on sex.

DISCRIMINATION: EXAMPLES OF FINDINGS AND CORRECTIVE ACTIONS			
Finding	Corrective Action	Recommended Time Table	Confirmation Method
Pregnancy Testing: Prospective female employees are required to take a pregnancy test prior to being hired.	Remove all discriminatory requirements from hiring criteria.	Immediate.	Supplier shows proof of completion of corrective action and possible follow up audit.

HEALTH AND SAFETY

SSCS	The Requirement
Suppliers will ensure a safe and healthy workplace.	Supplier shall ensure its workplace does not present an imminent threat of death or serious injury to workers.

KEY REQUIREMENTS

- There is functioning fire control equipment.
- Unlocked and accessible exit doors.
- Employees are knowledgeable on fire/emergency controls and procedures.

INDICATORS OF PERFORMANCE GAPS

- Fires exits are blocked, locked or not marked properly.
- No fire warning or suppression systems.

HEALTH AND SAFETY: EXAMPLES OF FINDINGS AND CORRECTIVE ACTIONS			
Finding	Corrective Action	Recommended Time Table	Confirmation Method
Emergency Exits: A facility has locked all emergency exits but one.	Unlock all emergency exits.	Immediately.	Supplier shows proof of completion of corrective action and possible follow up audit.
Emergency Exits: Two fire exits are blocked with pallets full of boxes and are not assessable.	Remove pallets so fire exits are assessable.	Immediately.	Supplier shows proof of completion of corrective action and possible follow up audit.
Emergency Exits: Doors open inwards, potentially preventing employees from exiting quickly.	Install doors that open in an outward direction on all emergency exits.	60 days.	Supplier shows proof of corrective action.
Training: Employees are not trained on adequate fire and emergency control procedures.	Train employees on fire and emergency control procedures.	Immediately.	Supplier shows proof of completion of corrective action and possible follow up audit.
Fire Extinguishers: Employees have not received training on the use of fire extinguishers. In addition, some areas lacked fire extinguishers, were not mounted on the wall or blocked.	Provide training to all employees from each work area. Confirm that the adequate number of fire extinguishers are available, properly mounted and unblocked.	Immediately unblock any extinguishers and purchase extinguishers for all work areas that do not have them and make sure they are mounted properly. Train within 60 days.	Supplier shows proof of corrective action.

HOURS, WAGES AND BENEFITS

SSCS	The Requirement
Compensate employees relative to the industry and/or local labor market. Operate in full compliance with applicable wage and hour benefit laws.	Supplier will demonstrate all work, including prolonged overtime, is voluntary

KEY REQUIREMENTS

- All regular overtime hours are worked voluntarily.

INDICATORS OF PERFORMANCE GAPS

- Employees do not record overtime.

- Wages or benefits are delayed or withheld as a form of discipline.
- Workers are not compensated for overtime work.

WAGE, HOURS AND BENEFITS: EXAMPLES OF FINDINGS AND CORRECTIVE ACTIONS			
Finding	Corrective Action	Recommended Time Table	Confirmation Method
Overtime: Employees are forced to work overtime.	Discontinue the practice and provide evidence overtime work is preformed voluntarily.	Immediately.	Supplier shows proof of completion of corrective action.
Overtime: Employee overtime is not recorded.	Discontinue the practice and provide evidence overtime work is preformed voluntarily.	Immediately.	Supplier shows proof of completion of corrective action.

ENVIRONMENT

SSCS	The Requirement
Conduct business in compliance with all applicable environmental laws, rules, and regulations.	Supplier shall ensure it is in compliance with all applicable environmental laws, rules and regulations.

KEY REQUIREMENTS

- Chemicals are properly managed.
- There are no releases or run off of chemicals from the premises.

INDICATORS OF PERFORMANCE GAPS

- Spills are evident around the property.
- Chemicals are not properly stored or labeled.

ENVIRONMENT: EXAMPLES OF FINDINGS AND CORRECTIVE ACTIONS			
Finding	Corrective Action	Recommended Time Table	Confirmation Method
Chemicals are not properly stored	Clean up chemicals and store properly.	60 Days	Supplier shows proof of completion of corrective action.
Chemical spills are seen on the shop floor.	Clean up chemicals and store properly so no further spills occur.	60 Days	Supplier shows proof of completion of corrective action.

BUSINESS INTEGRITY

SSCS	The Requirement
Strive to provide a workplace free of bribery and corruption, Maintain a productive workplace by complying with all applicable laws relating to bribery, money laundering and/or corruption as well as prohibiting the exchange of money or anything else of value to or from anyone, including government officials, to influence actions or obtain an improper advantage.	Supplier shall ensure its workplace is free of bribery and corruption.

KEY REQUIREMENTS

- Supplier has a business integrity policy in place.
- No facilitation of payments paid or offered has been made to influence actions or obtain an improper advantage for itself.
- Employees and contractors are not offered anything of value to influence or reward them in connection with any agreement or other organization.

INDICATORS OF PERFORMANCE GAPS

- No business integrity policy is in place.
- Attempts to bribe auditor have been made.
- Bribes to government officials have been found.
- Employees and/or contractors are given gifts and favors to influence them.

BUSINESS INTEGRITY: EXAMPLES OF FINDINGS AND CORRECTIVE ACTIONS			
Finding	Corrective Action	Recommended Time Table	Confirmation Method
Bribery: Evidence was found of an employee being offered money to skip quality check.	If no policy and procedures are in place banning this activity, immediately develop and discontinue activity.	Immediately	Supplier shows proof of completion of corrective action.
Policy: Supplier gave product to government official as a “thank you” for illegally providing services.	If no policy and procedures are in place banning this activity, immediately develop and discontinue activity.	Immediately	Supplier shows proof of completion of corrective action.

CONFLICT MINERALS

SSCS	The Requirement
Responsible source “conflict minerals” (tin, tantalum, tungsten or gold) from either mines and smelters outside the Democratic Republic of Congo (DRC) and neighboring countries, or mines and smelters that have been designated as “conflict free” by EICC-GeSI (Electronic Industry Citizenship Coalition – Global E-Sustainability Initiative) and will develop and provide written evidence documentation of their own due diligence programs to ensure “conflict free” supply chains.	Supplier shall ensure that “conflict minerals” are responsibly sourced from “conflict free” countries or mines and smelters and must promptly inform Avanos if any conflict minerals are included in components, parts or materials sold or provided to Avanos do not meet these requirements.

KEY REQUIREMENTS

- Supplier has developed due diligence programs to ensure “conflict free” supply chains.
- Provide written evidence or proof that supply chain is “conflict free”.
- Responsibly source “conflict minerals” from “conflict free” countries, or mines and smelters.

INDICATORS OF PERFORMANCE GAPS

- No due diligence program in place to ensure a “conflict free” supply chain.
- “Conflict minerals” sourced from “non-conflict free” countries, or mines and smelters.

REVISED JANUARY 2014 CONFLICT MINERALS: EXAMPLES OF FINDINGS AND CORRECTIVE ACTIONS			
Finding	Corrective Action	Recommended Time Table	Confirmation Method
Evidence that “conflict minerals” are being sourced from a “non-conflict free” mine.	If no policy and procedures are in place, immediately develop due diligence program and notify Avanos that “conflict minerals” are being sourced from a non-conflict free” mine.	Immediately	Supplier shows proof of completion of corrective action.

STAKEHOLDER EXPECTATIONS

SSCS helps Avanos align its supply chain with our values while also demonstrating our commitment to achieving a supply chain that meets stakeholder expectations. Multiple stakeholders expect Avanos to have workplace standards that meet or exceed the requirements of local law and that expand into our supply chain. These stakeholders include, but are not limited to:

- Our employees
- Our shareholders
- Our consumers
- Our business customers
- Non-governmental organizations
- Our suppliers

A key factor in our continuing to achieve our successes is maintaining responsible workplace practices into our organization which means being held accountable for such practices, whether it occurs at a company-owned facility, or with a direct supplier. This accountability is another important reason why suppliers within Avanos must operate in accordance with the SSCS.

BENEFITS OF WORKPLACE AUDITS

Suppliers often question how a workplace audit benefits them. Suppliers have much to gain from the audit process. Audits can help by:

Safe and Healthy Workplace

- Helping to assure safety and operational practices.

Remediation

- Providing professional guidance on remediation of any findings.

Local Laws

- Identifying the necessary corrective actions to avoid the risks associated with breaking the law if the determination is made that your facility is not operating in accordance with local laws.

Better Work Environment

- Improving operational efficiency and employee productivity by understanding how to create a better work environment and implement recommended changes.

Preferred Source

- Aligning performance with Avanos' vision and values for the supply chain, thereby increasing the chance of becoming a preferred source.

AUDIT PROCESS

Audits testing for compliance with the SSCS are conducted over the world in all of our supply chains. The following is a general outline of the SSCS audit process that will be followed if you are selected for an audit. Actual audits may or may not follow this order; however, in most cases all steps as indicated below are completed during the audits. If further steps or documents are needed to support a complete understanding of the facility situation, the audit service provider may request additional information from the facility. Your full cooperation is appreciated to support a smooth and beneficial audit.

Audits are conducted by up to two auditors and generally take one to two full working days. The audit team will consist of fluent native speakers (often with more than one dialect ability) and readers of the manufacturing country's language. Auditors will hold an opening meeting with the facility's designated management person of authority, production and personnel managers, and any other managers you wish to have present. During this meeting, the auditors will describe the audit format. No other unrelated parties shall be present during this audit. Note that non-employee workers may be included in the audit, so you should notify any agencies that provide such workers as to the requirements provided in the supplier packet you receive prior to the audit. Non-Employee Workers are defined as employees of a 3rd party company who provide labor services to the facility (e.g. Seasonal/Temporary Production Workers, Security, Janitorial, Canteen). If Non-Employee Workers are employed at the facility, the service provider will request the number of agencies and number of Non-Employee Workers from each agency.

PREPARATION INSTRUCTIONS

- Read the Pre-Audit Information Packet. In advance of your audit, a third party service provider will send you an information packet that provides specific information about how to be prepared for the audit day. It is extremely important that you read this document thoroughly and understand all of its contents to ensure all necessary preparation are made. This information packet will contain an application form that must be filled out and returned to the service.
- Choose a Normal Operating Day. The facility must be operating on an audit day in order for an audit to occur, and is preferable that the facility is producing the type of product it supplies to the Company.
- Have Someone from Senior Management Available. This person shall have full knowledge of the facility operation, and the authority to comply with the audit service provider's requests and respond accurately on behalf of the facility owner's management.
- Have HR Manager Available. This individual is necessary to answer a series of questions regarding hiring and employment hiring and practices.
- Have a Representative Sample of Employees. The auditors will need to conduct private interviews.
- Notify Security in Advance. Assessors arrive at the facility and provide their business cards and identification badges upon entry. Please be sure to notify your entry security guards in advance of their visits.

INTRODUCTION.

- Review of audit procedures to be performed as well as inspection time frame for each portion.
- Coordination of management and facility personnel required for the audit.

FACILITY TOUR

- Tour of the dormitories and dining room facilities, if provided.

RECORD REVIEW

The following is a list of documents that you should have must have ready for the auditor to review.

- Payroll Records (Recent 3 months)
- Time card/Attendance records (recent 3 months) (if applicable)
- Personnel Records
- Age documentation/verification such as ID copies
- Young worker registration and health examination (if any)
- Employment/Labor contracts
- Agency workers agreement (if any)
- Foreign employees work permits and approval letter from government (if applicable)
- Collective bargaining agreement (if any)
- Fire safety inspection or certificates for facility /dormitory building
- Fire drill records
- Facility regulation or employee handbook, in regard to the following areas:
 - Recruitment Policy
 - Disciplinary Procedure
- Facility building layout/evacuation plan
- Special waivers from local government such as waiver for overtime extension in China
- Health and safety program and training records
- Work related accidents/injury records
- Environmental certificates (if applicable)
- Other documents, subject to actual circumstances during the audit and in that specific regions facility is closed

COMPLETION

- Once audit report is complete, it will be shared with Avanos. Auditor will not give the results or rating on site when audits are being paid by Avanos. Avanos will make sure the audit was done to our satisfaction and thereafter the remediation plan, determination, timing and method of follow up will be determined and communicated to the supplier.

EMPLOYEE INTERVIEWS

- All interviews may be conducted at workstations on the production floor if management is not visible to employees and if no one is able to hear the discussion.
- All interviews must be conducted in a private area with no management presence.
- All interview notes are destroyed away from facility location.
- Note – Any discipline issued on the basis of an employee’s participation, or non-participation in the interview process would result in a negative audit finding.

All third-party service providers that conduct audits of suppliers to Avanos require their assessors to undergo extensive training with regard to employee interviews. Auditors conduct employee interviews primarily to corroborate documentary evidence obtained during the audit. They only will ask objective, non-leading questions.

EMPLOYEE SELECTION PROCESS

- Employee participation in interview is strictly voluntary and at the employee’s discretion.
- Employees from various workstations will be selected during the walkthrough of the facility and from a random sampling of personnel records.

CATEGORIES OF QUESTIONS WHICH MAY BE ASKED

Forced Labor

Questions may be asked to determine how employees found their position and whether overtime is voluntary or communicated at hire if mandatory.

Child Labor

Questions may be asked to validate age and determine if children ever are present on site.

Abuse of Labor

Questions may be asked to determine if employees are subjected to abuse.

Discrimination

Objective, non-leading questions may be asked to determine if there are any issues around discrimination.

Freedom of Association/Collective Bargaining

Objective, non-leading questions will be asked to determine whether the plant working environment is sufficiently open to allow discussion of issues generally, including the ability of employees to join any organization in which they may have an interest both inside and outside work.

Business Integrity

Objective, non-leading questions will be asked to determine whether bribery and corruption occur in the work place.

LOSS OF PRODUCTION

Avanos is committed to working cooperatively with Suppliers. However, on occasion it is necessary to reject the supplier and stop production. Loss of production may result when supplier fails to ensure that a facility complies with the requirements of the Corporate Social Compliance Program.

LOSS OF PRODUCTION MAY RESULT FROM:

- The identification of Mandatory Compliance Violations not remedied within the allowed time period.
- Two audit attempts where the auditor is denied full or partial access to the facility, its employees for private interviews and/or its records. NOTE: Any fees incurred because of denied access to a facility, private interviews and/or its records will be the responsibility of the supplier.
- If our auditors are denied access of any sort, resolution must take place within 24 hours, which may include full access to the facility within the 24 hours.
- An Avanos audit (from any source) reveals bribery or other improper influence.
- Multiple cancellations of an audit.

If production of Avanos products has been withdrawn, the facility may request to be made eligible for reinstatement after 12 months.