



Standards Manual

“Sprint” Version

March 2015

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new balance.

CODE OF CONDUCT

NEW BALANCE MISSION

DEMONSTRATING RESPONSIBLE LEADERSHIP
NEW BALANCE BUILDS GLOBAL BRANDS
THAT ATHLETES ARE
PROUD TO WEAR,
ASSOCIATES ARE PROUD TO CREATE
AND COMMUNITIES
ARE PROUD TO HOST.

This Code of Conduct sets forth the basic requirements that suppliers¹ must meet in order to do business with NEW BALANCE. This Code is based upon internationally accepted standards, including the International Labor Organization (ILO)'s core conventions, the Universal Declaration of Human Rights, and leading standards on occupational safety and health.

NEW BALANCE recognizes that different legal, political, economic, and cultural environments exist in countries around the world. NEW BALANCE is committed to doing business with suppliers who share our commitment to fair and safe labor and environmental practices.

At NEW BALANCE, we are catalysts for movement. We seek to work with suppliers which recognize that these standards are a baseline from which to move forward and are willing to commit to a program of continuous improvement. This is how we will evaluate supplier performance and determine who will help grow our business. This is how we build momentum for positive change in global working conditions. This is how we move.

COMPLIANCE WITH LAWS

- Suppliers shall operate in full compliance with the laws of their respective countries and with all other applicable international, national, and local laws, rules and regulations.

CHILD LABOR

- No person shall be employed under the age of 16 (or 15, where the governing law allows) or under the age for completion of compulsory education, whichever is higher. All suppliers shall maintain official documentation allowing for verification of each employee's date of birth.
- Suppliers must be in compliance with all laws and regulations regarding the employment of young workers. These regulations include but are not limited to types of work, work schedules and labor intensity.

FORCED LABOR

- There shall be no use of forced labor, including but not limited to prison labor, indentured labor, bonded labor and other forms of coerced labor.
- Employees shall not be locked inside of factory premises for any reason.

HUMANE TREATMENT

- Employees shall be treated with dignity and respect. Employees shall not be subject to any physical, verbal, sexual or psychological harassment or abuse.
- Employees shall not be subject to fines or penalties as a disciplinary measure.
- Suppliers shall maintain and enforce a non-retaliation policy that permits employees to express concerns about workplace conditions directly to factory management, relevant government authorities, and/or NEW BALANCE without fear of retribution.

NONDISCRIMINATION

- No person shall be subject to any discrimination in employment, including but not limited to recruitment, hiring, compensation, promotion, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, marital status, pregnancy, parental status, political opinion, political affiliation, union membership, social group or ethnic origin.
- Suppliers that recruit or employ foreign or migrant labor shall ensure that these employees are treated fairly and on an equal basis with local employees.

WAGES AND BENEFITS

- Suppliers shall pay employees for all work completed in a timely manner and shall pay at least the minimum wage required by law or the prevailing industry wage, whichever is greater, and shall provide legally mandated benefits.
- Suppliers shall pay annual leave and holidays as required by law.
- Suppliers shall not engage in false training or apprenticeship practices that are used to avoid payment of compensation.
- Wages are essential to meet the basic needs of employees and provide some discretionary income. NEW BALANCE seeks to work with suppliers which progressively raise employee living standards through improved wage systems, benefits, social programs and other services.

WORKING HOURS

- Suppliers shall comply with all applicable laws, regulations and industry standards on working hours. Except in extraordinary circumstances, the maximum allowable working hours in a week shall be the lesser of what is permitted by national law or a regular work week of 48 hours plus overtime hours not in excess of 12 hours.
- Suppliers shall provide employees with at least 24 consecutive hours of rest in every seven-day period.
- Employees may refuse overtime without threat of penalty, punishment or dismissal.
- Overtime shall be compensated at a premium rate.
- All hours worked must be fully and accurately documented.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

- Suppliers shall respect the right of employees to freedom of association and collective bargaining. If freedom of association and/or the right to collective bargaining is restricted by law, employees shall be free to develop parallel means for independent and free association and collective bargaining.
- Suppliers shall develop and implement effective mechanisms to resolve workplace disputes, including employee grievances, and ensure effective communication with employees and their representatives.

EMPLOYMENT RELATIONSHIP

- Suppliers shall employ employees on the basis of a recognized employment relationship established through country law and practice.
- Suppliers shall not employ people on a temporary contract basis for positions that are by definition permanent for the sole purpose of avoiding the provision of benefits.

HEALTH AND SAFETY

- Suppliers shall provide a safe and healthy workplace setting to prevent accidents, illness and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of suppliers' facilities.
- Suppliers shall adopt and implement systems that prevent, minimize, detect and respond to potential health and safety risks. These include but are not limited to fire protection, proper management and disposal of chemicals and hazardous waste, structural safety, electrical safety, personal protective equipment and adequate lighting, heating, cooling and ventilation systems.

ENVIRONMENTAL PROTECTION

- Suppliers shall comply with all applicable environmental laws and regulations, including but not limited to air emissions, solid and hazardous waste storage and disposal, energy usage and water consumption and discharge.
- Suppliers shall adopt reasonable measures to mitigate negative impacts of operations on the environment.
- NEW BALANCE encourages suppliers to make progressive improvements in the environmental performance of their operations, including but not limited to responsible use of natural resources, reduction of waste, energy efficiency, and cleaner production methods.

MONITORING, VERIFICATION AND ENFORCEMENT

Suppliers shall implement this Code of Conduct and all accompanying policies and procedures into their operations and submit to monitoring and verification.

This Code of Conduct applies to all subcontractors utilized by suppliers to NEW BALANCE. Suppliers shall take all necessary steps to ensure that their subcontractors and component suppliers adhere to this Code of Conduct. No subcontractors shall be used without prior approval from NEW BALANCE.

Suppliers shall post this Code of Conduct in the language(s) of their employees in visible and accessible locations in their facilities and train employees on their rights and obligations according to this Code of Conduct and applicable laws.

Suppliers shall allow relevant NEW BALANCE personnel and/or any of its authorized representatives or agents unrestricted access to all facilities and all relevant records at all time, whether or not notice is provided in advance.

Where suppliers provide residential and/or dormitory facilities to employees, all relevant legal and Code of Conduct standards apply.

¹ Suppliers include but are not limited to all licensees, vendors, manufacturers or businesses which produce products with the trademarks of NEW BALANCE and/or its brands.

OVERVIEW

This Manual describes New Balance’s “Basic” compliance requirements in Labor, Health and Safety and Environmental Performance that are included in the New Balance Sprint Assessment Tool.

Basic level requirements focus on increasing awareness among Suppliers in terms of labor rights, employee safety and environmental impacts as well as ensuring compliance with local laws and regulations. These requirements should generally apply to all Suppliers as a basic standard. Some Basic indicators are considered “zero tolerance” and not meeting those may lead to suspension or termination of the business relationship.

This Manual does not reflect the national laws of all the countries where Suppliers are based, and it is the responsibility of the individual Suppliers to ensure that they know and meet all legal requirements and obtain the necessary approvals, permissions and consents related to their operations.

LABOR

LEGAL/PERMITS (LP)

Suppliers shall operate in full compliance with the laws of their respective countries and with all other applicable international, national, and local laws, rules and regulations.

There are three Basic legal and permit requirements.

Legal/Permit Requirements (LP)
L-LP-1.1 Permits
L-LP-1.2 Transparent Records
L-LP-1.3 No Official Violations

L-LP-1.1 Permits

Suppliers must obtain and maintain all the legal permits required under local law as related to the operation of their business. All permits and certifications must be renewed on a timely basis.

Additionally, Suppliers must develop procedures to stay up to date on changing laws and regulations, including:

- 📁 Obtain and keep on file current copies of all applicable laws and regulations.
- 📁 Maintain all necessary records and required permits for operation of the production facility.
- 📁 Ensure that senior management and other personnel are thoroughly familiar with applicable laws and requirements.

Required permits may include:

- 📁 Business operating license.
- 📁 Garment manufacturer registration.
- 📁 Labor authority permit for hiring young employees.

L-LP-1.2 Transparent Records

Suppliers are required to maintain all documentation and records needed to demonstrate their compliance with NB Standards and applicable laws. These records must be maintained onsite and organized such a way that they may be reviewed easily.

To ensure compliance with these standards, Suppliers must provide New Balance with access to all requested and relevant records, including multiple sets of payroll if more than one is maintained.

L-LP-1.3 No Official Violations

Suppliers must be free from any official notice of non-compliance with respect to labor relationships.

Suppliers must comply with any official notices or prescriptive orders by legal authorities in their jurisdiction. If any violations have occurred, Suppliers must promptly resolve these and comply and be in compliance.

When assessing compliance with these standards, NB will also consider and investigate complaints against Suppliers made by current and former employees, labor groups and NGOs or the media.

CHILD LABOR (CL)

No person shall be employed under the age of 16 or under the age for completion of compulsory education, whichever is higher. All suppliers shall maintain official documentation allowing for verification of each employee's date of birth.

Suppliers must be in compliance with all laws and regulations regarding the employment of young workers. These laws and regulations include but are not limited to types of work, work schedules and labor intensity.

There are four Basic child labor requirements.

Child Labor Requirements (CL)	
L-CL-1.1	NO CHILD LABOR
L-CL-1.2	AGE DOCUMENTATION
L-CL-1.3	APPRENTICESHIPS
L-CL-1.4	WRITTEN POLICY

Suppliers are responsible for the employment relationship with their employees and must comply with the applicable local laws or the New Balance Supplier Standards, whichever is stricter.

L-CL-1.1 No Child Labor

Suppliers must not employ child labor.

Work performed by a person under 16 years old is child labor. Work performed by a person between ages 16 and 17 is juvenile labor. NB prefers that the workforce constitute primarily of adult labor (employees aged 18 years old and above), but child labor must not be employed under any circumstances.

L-CL-1.2 Age Documentation

Suppliers' employee records must reflect compliance with the minimum work age.

Suppliers must keep copies of official photo identification for all employees, documenting their age. This will help ensure compliance with these standards.

Suppliers must develop procedures to identify applicants using falsified, borrowed or altered identification at the time of hire (e.g. requesting additional forms of identification in suspected cases of child labor).

Suppliers must not, however, retain employees' original identification documents (e.g. ID card, driver's license, passport, birth certificate, etc.), as document retention may limit employees' ability to leave at will.

L-CL-1.3 Apprenticeships

NB supports the development of legitimate workplace programs for the educational benefit of youths.

Juvenile employees may be hired in compliance with applicable laws, where permitted. However, in addition to the applicable legal requirements, NB Suppliers hiring juvenile employees must:

- ✓ Not assign juvenile employees to hazardous or high-risk positions.
- ✓ Provide juvenile employees with all the legally mandated breaks;
- ✓ Provide juvenile employees with preferred work hours and shifts (no night shift).
- ✓ Provide for juvenile employees' regular health checks, where required.
- ✓ Have appropriate permits, parent approval, or other required legal employment authorization if needed.

New Balance also supports lawful training, apprenticeship and work-study programs for the benefit of employees. These programs must be implemented according to local law, and in cooperation with an appropriate government agency or other organization, such as a technical school.

These are some of the requirements for Suppliers implementing apprenticeship programs:

- ✓ Maintain clear and complete records describing the program, how it is administered, its objectives and timeline, and which employees are enrolled in the program. Where required by local law, the program must be approved by the appropriate government agency.
- ✓ Training wages must not be lower than the local minimum wage.
- ✓ Normal training periods for all jobs must be defined and incorporated into a written training policy.
- ✓ Training periods must not exceed one month, or 90 days where permitted by law.

L-CL-1.4 Written Policy

Suppliers must have a written policy on recruitment and hiring, indicating an official hiring age above 16 years.

- The policy must include a specific minimum hiring age and acceptable forms of ID to be produced before hiring. Where needed, the hiring procedure must include methods of identifying false or borrowed identification.
- The manager or department responsible for implementing the policy must be specified in this policy, and the policy must be reviewed regularly as legal requirements or business needs change.
- To ensure that the recruitment and hiring policies are implemented consistently, all relevant staff must be trained on the internal recruitment and hiring policy.

References:

- ILO Convention No. 138, Minimum Age Convention, (1973)
- ILO Convention No. 182, Worst Forms of Child Labor Convention, (1999)

FORCED LABOR (FL)

There shall be no use of forced labor, including but not limited to prison labor, indentured labor, bonded labor and other forms of coerced labor.

Employees shall not be locked inside of factory premises for any reason.

There are thirteen Basic requirements to against forced labor.

Forced Labor Requirements (FL)	
L-FL-1.1	VOLUNTARY EMPLOYMENT
L-FL-1.2	FREEDOM OF MOVEMENT
L-FL-1.3	NO DOCUMENT RETENTION
L-FL-1.4	RECRUITMENT FEES
L-FL-1.5	WORK LEAVE
L-FL-1.6	FREEDOM TO RESIGN AND RETURN FEE
L-FL-1.7	EMPLOYMENT CONTRACT IN HOME COUNTRY
L-FL-1.8	FOREIGN WORKER EMPLOYMENT CONTRACT
L-FL-1.9	HOST COUNTRY FEES
L-FL-1.10	FOREIGN WORKER FEES AND DEDUCTIONS
L-FL-1.11	FOREIGN WORKER AUTHORIZATION
L-FL-1.12	FOREIGN WORKER RETURN FEE
L-FL-1.13	MAINTAIN FOREIGN WORKER LIST

Suppliers are responsible for the employment relationship with their employees and must comply with the applicable local laws or the NB Supplier Standards, whichever is stricter.

L-FL-1.1 Voluntary Employment

Involuntary or forced labor is prohibited.

New Balance does not engage suppliers who use forced labor, whether directly or through a subcontractor. The use of any form of forced labor or involuntary labor is prohibited, including:

- **Prison Labor:** laborers whose freedom of movement is monitored or restricted for alleged or adjudicated criminal or political activity.
- **Indentured Labor:** employees who are offered to the employer by another person, possibly a parent or labor broker, in exchange for a sum of money. This includes employees who are victims of migrant worker trafficking by private or governmental recruitment agencies.
- **Debt-bonded labor:** individuals who pledge their personal services or those of a person under their control to work as security for a debt. This includes excessive recruitment or training fees that indebt employees for months or years.

L-FL-1.2 Freedom of Movement

Employees must be able to move freely within their designated work areas during work hours, including access to drinking water and toilet facilities.

Suppliers must refrain from:

- Employing heavily armed security guards, in particular public security forces such as police or military personnel.
- Restricting employees from exiting the facility or production areas, or unreasonably restricting movement around the factory.
- Limiting employees' access to bathroom facilities, fresh drinking water or any other basic need.

L-FL-1.3 No Document Retention

Suppliers must not prevent employees from leaving the facility, or the country where the factory is located, by retaining their passport, other personal documents or work permit.

Employers must keep copies of employees' personal identification documents, not the original.

- At the employee's written request, the Supplier may provide for the safekeeping of identity documents. However, employees must have immediate access to these documents without restriction.
- Safekeeping must not be a condition of employment.

Where Suppliers pay employee wages by bank transfer, employees must have unhindered access to their accounts, free of interference from the employer.

Suppliers must not withhold any "guarantee money" or recruitment fee sums from employees.

L-FL-1.4 Recruitment Fees

Suppliers must not receive fees or in kind payment from employees in exchange for employment.

Suppliers must take all reasonable steps to ensure that they do business with reputable recruitment agencies that do not charge employee fees in excess of what is legally permitted by any applicable law of the host or home country. Reasonable steps include:

- ☞ Supplier has verified that recruitment agency(ies) maintain all necessary licenses as required by law in both the home country and the host country.
- ☞ Supplier has a written agreement with the agency(ies) expressly requiring that the total fees paid by the employee must not exceed legal limits and must verify in writing with employees at the time of contract signing that the employees have not paid any fees in excess of legal limits.
- ☞ Wherever possible, the Supplier avoids using recruitment agencies altogether and hires employees directly.

L-FL-1.5 Work Leave

Suppliers must honor employees' legally mandated work leave.

Employees must have the ability to take their entitled leave without restriction, including vacation time, holidays, sick days, bereavement and family leave, as applicable.

L-FL-1.6 Freedom to Resign and Return Fee (if applicable)

Suppliers must recognize the right of their employees to resign or leave their employment at any time, for any reason.

When employees are resigning, Suppliers must:

- ✓ Refrain from charging employee penalties outside of the legal requirements.
- ✓ Refrain from pressuring employees to extend the employment relationship.
- ✓ Provide all employee benefits according to local law.
- ✓ Provide employees final payment for all work performed.

Employees must be able to leave freely prior to contract expiration at any time and for any reason.

For foreign workers, Suppliers must arrange and pay for the employee's airfare or other reasonable transportation costs home and without any other penalty, whether financial or non-financial in nature. Suppliers must also pay to the employee a "Return Fee" in addition to any wages, benefits or other amounts due and owed to the employee. All of these sums must be paid to the employee at the same time that he or she returns to the home country.

The "Return Fee" will equal the actual recruitment fees incurred by the employees in their home country, less a *pro rata* portion based on the actual duration of stay vs. the contractual term. If the actual recruitment fees are unknown, the Return Fee will be based on the estimated average recruitment fees paid by foreign workers from a similar geography in the same host country.

L-FL-1.7 Employment Contract in Home Country

The only exception to the requirement to pay a Return Fee is where the Supplier can demonstrate that the employee was hired without the use of or payment to a third-party recruiter.

Suppliers employing foreign workers must ensure that each applicant receives a contract for employment in his or her home country. Furthermore, Supplier must

execute the employment contract with the worker in the worker's home country. All details in the employment contract at the time of hiring must be consistent with the actual details of on-the-job conditions and responsibilities. Suppliers may not impose any additional terms or requirements on the worker after the employment contract is signed unless expressly required by law.

L-FL-1.8 Foreign Worker Contract Terms

For foreign workers, the employment contract must be in the local language of the worker and must specify:

- 📁 The term or duration of the contract.
- 📁 The minimum and overtime wage rates to be paid.
- 📁 The maximum allowable overtime hours consistent with the laws of the host country and the New Balance Code of Conduct.
- 📁 All of benefits to be provided (e.g. medical coverage, holidays, annual leave, sick leave, etc.)
- 📁 All deductions that will be taken (e.g. food and/or housing).
- 📁 The estimated minimum net-pay that an employee can expect to receive per month.
- 📁 A summary of living conditions, including curfews.
- 📁 The host country fees paid for by the Supplier.
- 📁 The return fee that the Supplier will pay in the event the must leave prior to the termination of the contract.

The contract must also stipulate reasonable contingency measures for illness or injury of the foreign worker, including supplier support for health fees or insurance not covered by standard benefits, and emergency repatriation in the event of an on-the job illness or other medical emergency.

Suppliers must not make changes to working conditions as outlined in the employment contract without the written consent of the employee. Consent must be obtained voluntarily and without threat of penalty. No changes shall occur that diminish the employee's originally anticipated wages, benefits or other conditions of work in such a way as to place the employee in a position of physical or mental risk or peril.

L-FL-1.9 Host Country Fees

Suppliers must pay all host country fees and costs associated with the use of foreign labor.

L-FL-1.10 Foreign Worker Fees and Deductions

Suppliers must ensure that authorized fees or deductions for housing and food, where permitted or required by law, are consistent with market rates, not excessive and not intended to recover Supplier recruitment fees.

Suppliers (including their employees and representatives) must not accept any reimbursements, kickbacks or other amounts from any recruitment agency or other person involved in the recruiting process. Suppliers also must not charge back in any other way or accept reimbursement from any worker to recover fees paid by Suppliers in the recruitment or hiring of any employee.

L-FL-1.11 Foreign Worker Authorization

Suppliers must take measures to ensure that all foreign workers are legally able to work in the host country. These measures include, but are not limited to, verification that workers are of legal working age in both the home country and host country; and are in possession of documentation allowing them to work in the home country, and including valid visas and work permits that are renewed as necessary.

L-FL-1.12 Foreign Worker Return Fee

Suppliers must pay all transportation costs from the home to host country. For any foreign contract worker who wishes to leave the factory for any reason and at any time and elects to return to his or her home country, the Supplier must arrange and pay for the worker's airfare or other reasonable transportation costs home and without any other penalty, whether financial or non-financial in nature. In addition, the Supplier must pay to the workers a "Return Fee" (defined below), in addition to any wages, benefits or other amounts due and owed to the worker. All of these sums must be paid to the worker at the same time that he or she returns to the home country. The only exception to the requirement to pay a Return Fee is where a Supplier can demonstrate that the worker was

hired without the use of or payment to a third-party recruiter.

The “Return Fee” will equal the actual recruitment fees incurred by the workers in their home country, less a pro rata portion based on the actual duration of stay vs. the contractual term. If the actual recruitment fees are unknown, the Return Fee will be based on the estimated average recruitment fees paid by foreign workers from a similar geography in the same host country.

L-FL-1.13 Maintain Foreign Worker List

Suppliers must make available to New Balance or its representatives, upon request, a current list of all foreign workers employed at each facility, including:

- 📁 Date of arrival.
- 📁 Contract term.
- 📁 Anticipated date of return.
- 📁 Whether this is the first contract of employment with the worker or if the contract has been renewed previously, and if so, how many times it has been renewed.

References:

- ILO Convention No. 29, Forced Labour Convention (1930)
- ILO Convention No. 105, Abolition of Forced Labor Convention (1957)
- Verite and Manpower Group, An Ethical Framework for Cross-Border Labor Recruitment

HUMANE TREATMENT (HT)

Employees shall be treated with dignity and respect. Employees shall not be subject to any physical, verbal, sexual or psychological harassment or abuse.

Employees shall not be subject to fines or penalties as a disciplinary measure.

There are five Basic humane treatment requirements.

Humane Treatment Requirements (HT)	
L-HT-1.1	NO HARASSMENT OR ABUSE
L-HT-1.2	ADDRESSING HARASSMENT AND ABUSE
L-HT-1.3	GRIEVANCE CHANNELS
L-HT-1.4	NO RETALIATION
L-HT-1.5	DOCUMENTATION

Suppliers are responsible for the employment relationship with their employees and must comply with the applicable local laws or the NB Supplier Standards, whichever is stricter.

L-HT-1.1 No Harassment or Abuse

Suppliers must refrain from any action, and ensure that its employees refrain from any action, that would result in an intimidating, hostile or offensive work environment. Employers must provide protection to employees who allege harassment or abuse violations, even where not required by law.

Physical Abuse

Suppliers must not use any form of, or threat of, physical violence, including slaps, pushing or other forms of physical contact as a means to maintain labor discipline.

Sexual Harassment

Suppliers must prohibit and refrain from sexual harassment, including:

- Inappropriate remarks, insults, insinuation and/or comments on a person's dress, physique, age, family situation, etc.
- A condescending or paternalistic attitude with sexual implications.
- Any unwelcome invitation or request, implicit or explicit, whether or not accompanied by threats.
- Any lascivious look or other gesture associated with sexuality.

- Any unnecessary physical contact such as touching, caresses, pinching or assault.
- Offering recruitment, continued employment, promotion, improved working conditions, preferential work assignments or other preferential treatment in exchange for a sexual relationship.
- Prejudicial treatment of any kind against employees in retaliation for refused sexual advances or inappropriate behavior.

Suppliers must refrain from any action, and ensure that its employees refrain from any action, that would result in a sexually intimidating, hostile or offensive work environment for employees.

Security Practices and Body Searches

All security practices must be gender appropriate and nonintrusive, so as to protect the dignity of the employees searched. Body searches and pat-downs must only be conducted when there is a legitimate reason to do so and upon consent of employees. Further, body searches shall not be conducted in public and the person undertaking the search must be of the same sex as the person who is being searched.

Verbal Abuse

Suppliers shall not use any form of verbal violence, including screaming, yelling or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline.

Disciplinary violations and poor work performance are no excuse for supervisors to verbally abuse employees.

Psychological Abuse

Suppliers shall not use any form of psychological abuse, including words or actions intended to hurt an employee's emotional wellbeing or diminish his/her self-esteem (e.g. forcing employees to sign letters of self-criticism or publicly shaming employees for poor performance).

L-HT-1.2 Addressing Harassment and Abuse

Suppliers must address all complaints of harassment and abuse.

Suppliers must not tolerate any instances of harassment or abuse, whether committed by an employee, supervisor or manager. Maintaining labor discipline is no excuse for harassment or abuse by managers against employees under their supervision.

Suppliers must have a system in place to discipline supervisors, managers or employees who engage in any physical, sexual, psychological or verbal violence, harassment or abuse. Corrective measures may include compulsory counseling, warnings, demotions and terminations, or a combination thereof.

L-HT-1.3 Grievance Channels

Suppliers must provide a clear process for employees to report harassment or abuse and other grievances, or suggestions.

Grievance channels provide the means for employees to report harassment or abuse, as well as other violations of the NB Supplier Standards. These channels also allow

management to learn about employees' concerns and respond quickly and effectively to problems as they arise. An effective employee grievance system must include:

- ✓ Multiple channels of reporting. Employee grievances may arise from disputes between employees, or between employees and their supervisors. Thus, employees must have means of reporting grievances to someone other than their direct supervisor.
- ✓ Confidentiality. The grievance filed by an employee must be maintained confidential. Where employees submit anonymous grievances or complaints, management may respond publicly by posting on the employee bulletin board, or discuss the response during regular employee meetings.
- ✓ Responsiveness. Suppliers must collect and respond to all individual employee grievances.

Where specifically required by New Balance, suppliers shall in addition to the above maintain a confidential reporting channel in the factory that can only be accessed by NB representatives (such as a suggestion box or hotline) to allow employees to communicate directly with New Balance.

L-HT-1.4 No Retaliation

Supplier must not retaliate against employees who voice concerns or report violations.

L-HT-1.5 Documentation

Supplier must maintain records of all reported and investigated cases of harassment and abuse, or any other violation of employees' rights.

- 📁 Suppliers must keep records of all reported and investigated cases of harassment and abuse.
- 📁 All records of harassment and abuse must list the parties involved, and detail the transgressions reported and what follow up actions were taken.

NON DISCRIMINATION (ND)

No person shall be subject to any discrimination in employment, including but not limited to recruitment, hiring, compensation, promotion, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, marital status, pregnancy, parental status, political opinion, political affiliation, union membership, social group or ethnic origin.

Suppliers that recruit or employ foreign or migrant labor shall ensure that these employees are treated fairly and on an equal basis with local employees.

There are five Basic non-discrimination requirements.

Non-Discrimination Requirements (ND)	
L-ND-1.1	NO DISCRIMINATION
L-ND-1.2	EQUAL WAGES
L-ND-1.3	SPECIAL PROTECTION FOR WORKERS
L-ND-1.4	FOREIGN WORKERS
L-ND-1.5	NO BLACKLISTING

Suppliers are responsible for the employment relationship with their employees and must comply with the applicable local laws or the NB Supplier Standards, whichever is stricter.

L-ND-1.1 No Discrimination

Supplier must base employment decisions on work related criteria only.

New Balance recognizes the right of all employees to equal treatment.

- Suppliers must not discriminate in their employment practices (including hiring, salary, benefits, advancement, discipline, termination or retirement) on the basis of gender, race, religion, age, disability, sexual orientation, nationality, marital status, pregnancy, parental status, political opinion, political affiliation, union membership, social group or ethnic origin.
- All employment decisions, including hiring, promoting, disciplinary, and termination must be objective and made on the basis of employment related criteria.

L-ND-1.2 Equal Wages

All employees must be paid equal wages for comparable work, regardless of personal characteristics such as gender.

Suppliers must refrain from practices that foster wage inequality in the workplace (e.g. hiring only men in higher wage departments, such as spinning, dyeing or cutting, or hiring only women for sewing).

L-ND-1.3 Special Protection for Employees

Female and Pregnant Employees

Suppliers must not discriminate against employees based on their gender or their marital status.

- Requiring employees to undergo pregnancy tests and/or mandating the use of contraception is not permitted, under any circumstances, as a condition of hiring or of continued employment.
- Female applicants must never be asked about their pregnancy status.
- Where employers are legally required to administer pregnancy tests to employees, the result of these must not be used for the purpose of hiring a person or maintaining their employment.
- Suppliers must not threaten or penalize female employees who get married or become pregnant. This

includes dismissal, loss of seniority or deduction of wages.

- Suppliers must meet all legal requirements on working environment for women and pregnant, post-partum and lactating women.
- Where a foreign worker becomes pregnant and local law requires that they return to their home country to give birth, Suppliers must provide for the employee to return to work to finish her contract after giving birth, if the employee so chooses, at the same rate of pay and conditions of work. Suppliers must also incorporate maternity benefits allowed by the laws of the worker's home country, the host country, or governing international norms and standards, whichever is stricter.

Disabled Employees

Suppliers must not discriminate in the employment, job placement or promotion of disabled persons qualified to work at the facility.

- Where required by law, Suppliers must hire qualified, disabled employees to their workforce or contribute to the local disabled employees' fund.
- Suppliers must work with the local labor authority, or other relevant agency, to meet all hiring requirements and certifications for disabled employees.

L-ND-1.4 Foreign Workers

- Suppliers must not discriminate in the employment of foreign workers, or place unwarranted restrictions them. They must provide foreign workers with the same wages and benefits as local workers, and in accordance with local labor law. Specifically, Suppliers must ensure that all workers are paid according to the same pay scale, regardless of whether they are foreign or native.
- Ensure that contracts provide foreign workers with the same holidays and leave as the local workforce, and assure that foreign workers receive all accrued

vacation and leave; not use medical screening to select candidates, except where required by law. Suppliers must use appropriate procedures for keeping all medical information confidential.

- Provide a system to address foreign workers' grievances and assure that there are no retributions for workers lodging complaints;
- Grievance procedures must allow employees to express grievances through multiple channels, so there must be more than one person in the factory who can understand the foreign workers' languages and can bring grievances to senior management's attention;
- Where needed, seek help from outside groups, such as churches or NGOs, to facilitate communication between foreign workers and factory management;
- Train supervisors to be sensitive in managing employees from different cultures.

L-ND-1.5 No Blacklisting

Suppliers must not use blacklists or exclusionary lists of persons who may not be hired based on a non-job related criteria, such as a personal characteristic or religious, political or organizational affiliation.

In addition, Suppliers must not create or share employee blacklists with other employers.

References:

- ILO Convention No. 100, Equal Remuneration Convention (1951)
- ILO Convention No. 111, Discrimination (Employment and Occupation) Convention (1958)

WAGES AND BENEFITS (WB)

Suppliers shall pay employees for all work completed in a timely manner and shall pay at least the minimum wage required by law or the prevailing industry wage, whichever is greater, and shall provide legally mandated benefits.

Suppliers shall pay annual leave and holidays as required by law.

Suppliers shall not engage in false training or apprenticeship practices that are used to avoid payment of compensation.

Wages are essential to meet the basic needs of employees and provide some discretionary income. New Balance seeks to work with suppliers which progressively raise employee living standards through improved wage systems, benefits, social programs and other services.

There are ten Basic wages and benefits requirements.

Wages and Benefits Requirements (WB)	
L-WB-1.1	LEGAL WAGES
L-WB-1.2	TIMELY PAYMENT
L-WB-1.3	OVERTIME
L-WB-1.4	BENEFITS
L-WB-1.5	BACK PAY
L-WB-1.6	ACCURATE PAYROLL
L-WB-1.7	WAGE STATEMENTS
L-WB-1.8	DIRECT PAYMENT TO EMPLOYEES
L-WB-1.9	DEDUCTIONS
L-WB-1.10	SEVERANCE PAYMENTS

Suppliers are responsible for the employment relationship with their employees and must comply with the applicable local laws or the NB Supplier Standards, whichever is stricter.

L-WB-1.1 Legal Wages

Suppliers must comply with all legal wage requirements and must pay all employees at or above the legal minimum. Minimum wage requirements apply to all employees, including trainees, those on piece rate, or project-based pay.

Where the prevailing industry wage is higher than the legal minimum, Suppliers must pay the prevailing wage. Further, in localities where there is no legal wage requirement, wages must be paid at the industry prevailing rate. Suppliers must evaluate total employee compensation and strive to pay at a level that meets employee basic needs and provides some discretionary income.

L-WB-1.2 Timely Payment

Suppliers must comply with any legal requirements for time and/or manner of wage payments. If a wage delay occurs, the Supplier must follow the legal procedure to compensate employees appropriately with accrued interest.

L-WB-1.3 Overtime

Overtime work, or work performed in excess of the regular working hours for the day, must be paid at a premium rate.

Where labor laws allow for employees to be compensated for overtime work with time-off, this arrangement must be done with the employee's consent and any time-off in exchange for overtime work must be calculated at a premium.

L-WB-1.4 Benefits

Suppliers must provide all benefits to employees as required by law (healthcare insurance, retirement benefits, employee injury insurance, etc.).

L-WB-1.5 Back Pay

Where the Supplier has not properly paid an employee's earned wages, including erroneous accounting of wages or deductions, the Supplier will be responsible for back payment of those wages from the time of the miscalculation or as required by local law.

L-WB-1.6 Accurate Payroll

Suppliers must maintain accurate and transparent payroll records.

Wage calculations, benefits and deductions must all be accurately computed and recorded in a clear manner.

All wages and benefits must be itemized and all work hours accounted for. Records must be kept for 3 years or as required by local law.

Suppliers must have qualified payroll personnel onsite who are capable of explaining payroll calculations to employees and New Balance auditors.

L-WB-1.7 Wage Statements

Together with wage payments, suppliers must provide employees with wage slips showing their total wages and detailing hours worked, rate of pay and all deductions.

Suppliers must also ensure that employees are aware of their benefits and understand how their wages are calculated. All benefits and wages must be explained to employees during the hiring process.

L-WB-1.8 Direct Payment to Employees

Suppliers must make all wage payments directly to employees by check or direct deposit. Suppliers must refrain from making cash payments.

All payments must be documented and a receipt kept acknowledging that the employee received it.

Suppliers must include a written description of wage calculation and how payments are disbursed in the employee manual. A copy of this procedure must be provided to new employees upon hire and posted where employees can refer to it as needed.

L-WB-1.9 Deductions

Suppliers must not make unnecessary or unreasonable deductions from employees' wages. Deductions must be limited to those allowed by local law.

If a Supplier applies wage deductions for employee tardiness, these must not be greater than the actual work hours lost.

All wage deductions must be apportioned according to the intended purpose (e.g. taxes deducted must be paid to the government; loan payment deductions must be applied to the debt owed).

Examples of unreasonable pay deductions:

- Cost of work related personal protective equipment.
- Cost of work tools.
- Wiring charges or banking fees for wage deposits.
- Recruitment fees.

L-WB-1.10 Severance Payments

Where required by law, suppliers must pay at least the legally-required severance to employees dismissed without cause. Suppliers must not negotiate lesser severance payments with employees in exchange for their resignation.

In addition, suppliers must not engage in work arrangements intended to forego payment of severance. Where employees have a known representative (e.g. union representative), suppliers must not engage in severance negotiations without the presence of said representative.

Reference:

- ILO Convention No.95, Protection of Wages Convention (1949)

WORKING HOURS (WH)

Suppliers shall comply with all applicable laws, regulations and industry standards on working hours. Except in extraordinary circumstances, the maximum allowable working hours in a week shall be the lesser of what is permitted by national law or a regular work week of 48 hours plus overtime hours not in excess of 12 hours.

Suppliers shall provide employees with at least 24 consecutive hours of rest in every seven-day period.

Employees may refuse overtime without threat of penalty, punishment or dismissal.

Overtime shall be compensated at a premium rate.

All hours worked must be fully and accurately documented.

There are seven Basic working hour requirements.

Working Hours Requirements (WH)	
L-WH-1.1	NO EXCESSIVE WORK HOURS
L-WH-1.2	VOLUNTARY OVERTIME
L-WH-1.3	RECORD WORK HOURS
L-WH-1.4	SWAP DAYS
L-WH-1.5	DAYS OFF
L-WH-1.6	WORK HOURS FOR SPECIAL EMPLOYEES
L-WH-1.7	MEAL AND REST BREAKS

Suppliers are responsible for the employment relationship with their employees and must comply with the applicable local laws or the NB Supplier Standards, whichever is stricter.

L-WH-1.1 No Excessive Work Hours

Suppliers must limit the workweek to 60 hours under all circumstances, including overtime work. If local law requires that work hours be kept less than 60 hours, Suppliers must keep work hours below the local limit.

If local labor law allows employers to apply for permission for employees to work additional hours beyond those regularly permitted, Suppliers may apply for and utilize such permit, provided work hours do not exceed 60 hours per week.

The preferred work schedule for NB Suppliers is up to 48 hours of regular work per week, plus 12 hours of overtime not worked on a regular basis. Where a country's legal requirements are more stringent on regular hours or overtime, the local legal requirements must be met.

NB Overtime Application Process (*Footwear Suppliers Only*)

Under extraordinary circumstances, Supplier factories may be compelled to exceed the overtime limit. In rare, highly exceptional cases, work hours of up to 66 per week may be granted following executive review by New Balance. In order to guarantee voluntary overtime and make communication during the consideration process as simple and effective as possible for all concerned parties (factory management, affected employees, New Balance), and to confirm that all other options have been considered before excessive overtime is requested, Suppliers must follow the process outlined below to apply for work hours exceeding 48 per week.



NB Suppliers Overtime Application Form NB供應廠商超時申請

Factory Application 工廠申請				
Factory Name 工廠名稱				
Requestor's Name 申請人姓名:			Date of Request 申請日期:	
Week Requested 所申請的工作周(起止日期):				
Amount of weekly hours requested 申請的周工时: <input type="checkbox"/> 48-60 <input type="checkbox"/> 61-66				
Affected Dept: 加班部門:			No. of workers affected for OT: 申請加班人數:	
Compensative Rest: 補休情況:	<input type="checkbox"/> Time-off before overtime <input type="checkbox"/> Time-off after overtime <input type="checkbox"/> Overtime only 先休后加 先加后休 只加不休			
Overtime Arrangement: 加班工作時間安排:			Compensative Time-off: 補休時間安排:	
Reason(s) for OT: 額外加班原因:	1. If application is for work hours between 48 and 60, a List of Open Purchase Orders that will be impacted if overtime (up to 60 hrs/wk) is not granted. Magnitude of delay has to be indicated for all orders. 若申請每週工作48-60小時, 請附件列明若不批准額外超時將延期的訂單, 並說明所有訂單的延期程度。 2. If application is for work over 60 hrs, a list of Open Purchase Orders has to be attached that will be impacted if overtime is limited to 60 hrs/wk. Magnitude of delay has to be indicated. 申請每週工作超過60小時, 請附上若每週工作60小時將延期的訂單清單, 並說明所有訂單的延期程度。 3. List the reasons why the above orders cannot be completed in 48 hours per week as planned schedule. 附件上請說明為什麼這些訂單不能按原計畫在每週48小時內完成。			
Factory Compliance Supervisor Approval: 工廠權益主管批准:		Factory Union Chairman: 工會主席批准:	Factory Top Mgmt: 工廠最高主管批准:	
New Balance Verification & Approval NB 審批				
NB Sr. Sourcing Operation Manager:			NB VP External Products (for requests exceeding 60 hrs/wk):	
Remark:	1. All requests must be submitted five working days prior to the scheduled start of overtime work to Gabriella Wortmann (NB Sr. Sourcing Manager) and Wendy Wei (NB China Order Manager). 必須提前5個工作日遞交申請, 若是54-60小時的申請, 交 Wendy Wei (NB 訂單部高級經理) 及 Kira Zaiger (NB 高級採購經理) 審批。 2. If application is for work over 60 hrs/wk, cc copy Duncan Scott (VP of External Products) 如超出60小時以上的申請須遞交至海外產品副總裁 Duncan Scott 和全球社會責任總監 Monica Gorman 審批。 3. All requests must cc copy relative NB Compliance Specialist and Crystal Xiong (NB Compliance). 所有申請郵件務必抄送NB社會責任部門相關專員以及亞洲高級社會責任經理 Crystal Xiong。 4. "1 day off in 7" should be guaranteed. 每七天必須保證休息一天。 5. Factory should have system to ensure OT voluntary must be guaranteed to every employee. 工廠必須制定制度以確保員工加班自願。			

OVERTIME REQUEST FORM

DATE _____

Employee's Name _____

Date Requested _____

Reason Overtime Needed _____

Hours Needed _____ Hours Approved _____

Approved by: _____

L-WH-1.2 Voluntary Overtime

Suppliers may only assign overtime work to employees who have agreed to it, whether at the time of hiring or when the need for overtime work arises.

Mandatory overtime is permissible only when employees have agreed to overtime work through a legitimate collective bargaining process.

No forced overtime

Employees have the right to refuse excessive overtime. There must be no penalties, fines or retribution of any kind for refusing excessive overtime.

Supplier must develop a system for requesting and tracking overtime work.

L-WH-1.3 Record Work Hours

To ensure that work hours are recorded accurately, Suppliers with 20 employees or more must implement a mechanical or electric time-keeping system to record work hours.

Additional requirements for recording work hours:

- Regardless of the time-keeping system that is used, employees must punch or swipe the time-clocks themselves or, where manual records are used, initial those records themselves.
- Suppliers must maintain the integrity of the time-keeping devices and ensure that they are working properly.
- The clock-in terminals must be placed at efficient locations (near entrance/exit) and numerous enough to ensure that all employees are able to clock-in and clock-out within 15 minutes of the beginning or end of the shift.
- Suppliers must compensate employees for all work performed. If employees enter the work area before the start of the regular shift in order to prepare their machines, get an early start, etc., or if they return to work early from breaks, they must be compensated for all time worked.
- The time-keeping system must account for employees who inadvertently forget to punch-in or punch-out, or those employees who forget their swipe card.

L-WH-1.4 Swap Days

When expected or unexpected interruptions occur in a Supplier's production schedule, two options may be utilized as "swap days" to make up the lost time:

- ✓ For any Supplier working a standard five-day work week, the "lost" work day must be made up on 6th day of the work week. This 6th day may be compensated at normal (non-overtime) rates. Please note, however, that any Supplier who works a standard six-day work week may not make up the lost working day on the 7th day of the work week. Under no circumstances shall the 1 day off in 7 requirement of the New Balance Code of Conduct be violated.
- ✓ If it is not possible to make up the lost work day on the 6th day of the week, any required additional hours must be added to regular work days and compensated at overtime rates. The New Balance overtime policy still applies, and any Supplier who anticipates exceeding 48+12 hours during any single workweek must notify its New Balance Operations Manager, explain the reason for the excessive overtime, and obtain approval.

L-WH-1.5 Days Off

Suppliers must allow employees at least one consecutive 24 hour rest period in every seven-day work week. They must also recognize all legally mandated holidays and rest days, and provide employees with vacation days as required by law.

Generally, employees must be notified in advance about planned changes to the work schedule, including rest days and overtime work.

L-WH-1.6 Work Hours for Special Employees

Most jurisdictions limit work hours for certain categories of employees. Suppliers must comply with all legal requirements in relation to working hours for protected employees, including young, disabled and pregnant or lactating employees.

L-WH-1.7 Meal and Rest Breaks

Meal and rest break requirements:

- Suppliers must provide their employees with all meal and rest breaks during the work week as required by local law, or the Collective Bargaining Agreement, if applicable.
- Suppliers must provide for regular breaks throughout the work day, allowing employees to pause work activities, stretch or rest before resuming work. Rest breaks must be provided relative to the amount of hours worked and in compliance with local law.
- During work breaks, suppliers must actually relieve employees of all duty, relinquish control over their activities, and permit them a reasonable opportunity to take their meal and rest breaks uninterrupted. Furthermore, Suppliers must not discourage employees from taking their meal or rest breaks.

Reference:

- ILO Convention No. 14, Weekly Rest (Industry) Convention (1921)

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (FOA)

Suppliers shall respect the right of employees to freedom of association and collective bargaining. If freedom of association and/or the right to collective bargaining is restricted by law, employees shall be free to develop parallel means for independent and free association and collective bargaining.

Suppliers shall develop and implement effective mechanisms to resolve workplace disputes, including employee grievances, and ensure effective communication with employees and their representatives.

There are seven Basic freedom of association and collective bargaining requirements.

Freedom of Association Requirements (FOA)	
L-FOA-1.1	RIGHT TO ASSOCIATE FREELY
L-FOA-1.2	NO ANTI-UNION BEHAVIOR
L-FOA-1.3	COLLECTIVE BARGAINING
L-FOA-1.4	EMPLOYEE REPRESENTATIVES
L-FOA-1.5	RIGHT TO STRIKE
L-FOA-1.6	EQUAL TREATMENT TO ALL UNIONS
L-FOA-1.7	ADDITIONAL REQUIREMENTS

Suppliers are responsible for the employment relationship with their employees and must comply with the applicable local laws or the NB Supplier Standards, whichever is stricter.

L-FOA-1.1 Right to Associate Freely

Suppliers must recognize the right of employees, without distinction whatsoever, to establish and to join organizations of their own choosing, subject only to the rules of the organization concerned, without previous authorization.

The right to freedom of association begins at the time that employees seek employment and continues through the course of employment, including eventual termination of employment.

Alternative means

All employees have the right to establish and join labor unions or employee associations of their choosing.

When the rights to freedom of association and collective bargaining are restricted under law, suppliers must not obstruct legal alternative means of employee association.

L-FOA-1.2 No Anti-Union Behavior

Suppliers must refrain from any acts of violence, harassment, discrimination, or other means that interfere

with employees' rights to form or join lawful unions or employee associations.

Suppliers must not offer or use severance pay or short-term contracts, or other forms of compensation or working arrangements, as a means of contravening the right to freedom of association.

Suppliers must not dismiss, demote or take back the rights and privileges of employees due to an act of anti-union discrimination.

L-FOA-1.3 Collective Bargaining

Where the union or employee organization has negotiated a collective bargaining agreement with management, suppliers must fully comply with the agreement. This includes negotiated benefits which go above and beyond what is provided by law.

L-FOA-1.4 Employee Representatives

Where there is a labor union or employee organization, employees and members must be free to elect their representatives.

The voting system must allow for free and confidential election and allow for any interested employee to be considered for the position.

Suppliers must comply with all relevant legal provisions providing for special protection to all employees and employee representatives engaged in union related activities, including union formation, board meetings, training, elections, union meetings, trade conferences, etc.

L-FOA-1.5 Right to Strike

Where permitted by law, suppliers must respect employees' right to legal strikes and peaceful employee demonstrations.

Suppliers must notify NB immediately of any labor strikes or work stoppages.

L-FOA-1.6 Equal Treatment to All Unions

Where suppliers have more than one labor union, or employee organization, they must all receive equal benefits, treatment and accommodations.

L-FOA-1.7 Additional Requirements

Where additional standards or requirements exist by law or have been agreed to by New Balance, such as the Freedom of Association Protocol in Indonesia, Suppliers must comply with those additional standards or requirements.

References:

- ILO Convention No. 87, Freedom of Association and the Right to Organize Convention (1948)
- ILO Convention No. 98, Right to Organize and Collective Bargaining Convention (1949)
- ILO Convention No. 135, Workers' Representatives Convention (1971)
- Indonesia Freedom of Association Protocol

EMPLOYMENT RELATIONSHIP (ER)

Suppliers shall employ employees on the basis of a recognized employment relationship established through country law and practice.

Suppliers shall not employ people on a temporary contract basis for positions that are by definition permanent for the sole purpose of avoiding the provision of benefits.

There are eight Basic requirements for employment relationships.

Employment Relationship Requirements (ER)	
L-ER-1.1	EMPLOYMENT CONTRACT
L-ER-1.2	DISCIPLINARY PRACTICES
L-ER-1.3	TERMINATION AND RETRENCHMENT
L-ER-1.4	RETRENCHMENT PROCESS
L-ER-1.5	ADVANCE NOTIFICATION TO NB
L-ER-1.6	DAILY REPORTING TO NB
L-ER-1.7	MEDIA POLICY
L-ER-1.8	RECRUITING AGENCIES

Suppliers are responsible for the employment relationship with their employees and must comply with the applicable local laws or the NB Supplier Standards, whichever is stricter.

L-ER-1.1 Employment Contracts

Where legally required, suppliers must enter into written employment contracts with all employees.

Employment contracts must conform to all legal requirements and the following New Balance standards:

- 📁 Suppliers must negotiate employment contracts directly with employees (except where a collective bargaining agreement governs the employment relationship).
- 📁 New employees must read and sign the contract within the period defined by local law.
- 📁 The contract must be in a language the employees can read and understand.
- 📁 The terms of the agreement must comply with all local laws and regulations.
- 📁 Employees must be furnished with a copy of the signed contract.
- 📁 Employment contracts must be renewed and updated according to legal or contractual requirements.

Suppliers are strongly encouraged to hire employees under regular, open-term employment contracts (i.e. not short-term contracts, even where permitted by law).

New Balance recognizes that, under certain circumstances, Suppliers may need to employ employees on short term, temporary working arrangements in order to meet fluctuations in business needs.

Temporary employment is not permitted unless the nature of the work is truly temporary – even where such arrangements are allowed by law. Short term contracts, even where legally permitted, must only be used in truly temporary situations, and not for the purpose of avoiding payment of employee benefits. Legitimate temporary situations include: employee trial periods, to meet unexpected order demands, to temporarily replace an employee, and/or to adjust for new processes or technologies.

Where temporary employees are hired, they must share the same wages, benefits and other conditions of employment as permanent employees, including the right to freedom of association as permitted by law.

L-ER-1.2 Disciplinary Practices

Suppliers must adhere to a progressive disciplinary system which allows for employee appeals. Disciplinary actions must follow the employer's established policy on the progressive levels of:

1. Verbal admonishment
2. Written complaint
3. Suspension
4. Termination

All disciplinary events and investigations must be documented in the employees' file.

Where the employee being disciplined is a union affiliate or has a legal representative, that representative must be present during any disciplinary proceeding.

L-ER-1.3 Termination and Retrenchment

Where an employee is terminated, suppliers must comply with legal requirements and New Balance standards on termination and retrenchment.

Employment terminations must not be discriminatory, and suppliers must fully document termination decisions when an employee is at fault.

Suppliers must also comply with the following guidelines when terminating employees:

- All employee terminations must be promptly reported with any union or organization representing the terminated employee.
- Suppliers must not negotiate lesser severance benefits in exchange for employees' false retirement or resignation.
- Terminated employees must be provided their due termination benefits and or severance payments when due.

- Where it is a legal requirement, Suppliers must notify the local labor authority and employee representatives of any terminations.
- Suppliers must notify New Balance when planning any significant changes to the workforce. A significant change would be termination of 5% or more of employees.

Retrenchments occur when an employer has bona fide economic, technological, structural or similar reasons to reduce the size of the workforce.

- Economic reasons derive from the financial status of the enterprise and can include external factors such as shifts in trade patterns and major changes in market conditions.
- Technological reasons stem from the introduction of new technology which makes existing jobs redundant or necessitates a restructuring of the workplace.
- Structural reasons refer to a restructuring of the enterprise for legitimate business reasons resulting in redundancies.

Retrenchments under the above categories are "no fault" terminations – meaning, that the employee is not responsible for the termination. As such, the Supplier has the following obligations:

- Provide sufficient documentation showing that a redundancy or business need was the real reason for the retrenchment.
- During retrenchment, or when a Supplier intends to retrench, it must not initiate other recruiting or hiring of personnel to work in the same category or position as the employees who are being retrenched. This requirement extends to all positions which the redundant employees may be capable of filling, as the employees are not responsible for the termination.
- If and when it becomes possible to proceed with the hiring of new employees, the jobs must be offered first to the employee(s) terminated from jobs in the same or similar categories before posting announcements for the job.

- Decisions on which employees to retrench must be made fairly, and without discrimination. When retrenching unionized employees, Suppliers must notify the union or labor representative of the retrenchment.
- Lastly, Suppliers must ensure that severance pay and other benefits are paid according to law.

L-ER-1.4 Retrenchment Process

In all cases of factory retrenchment, downsizing, closure, and/or layoffs, Suppliers shall act responsibly and fully comply with all relevant local and national laws and applicable international standards. New Balance expects suppliers to consider all possible steps and actions to ease the situation for employees who are being made redundant (e.g. providing an extension of access to a factory dormitory for employees for a reasonable period of time after the layoff).

The following steps are required during an active retrenchment:

- ✓ **Consultation:** Employee representatives – or where no formal representation is in place, the employees themselves – must be consulted in advance of termination of employment contracts. Suppliers must give serious consideration to any alternative measures to retrenchment or closure proposed by the employees.
- ✓ **Non-Discrimination:** Selection of employees for retrenchment must be done objectively and without regard to union membership or activity, pregnancy, race, sex, age, ethnicity, national origin, religion or any other designations protected by the New Balance Code of Conduct. Objective (permissible) criteria for selection include length of service, skills and qualifications.
- ✓ **Communication:** Suppliers must communicate to employees the current financial or other conditions motivating the downsizing, providing employees with enough information to enable them to protect their interests to a reasonable degree while bearing in mind the issues facing the Supplier. Communication must include the anticipated layoff date and relevant factory policies and procedures about the employment termination, as well as

employee rights and responsibilities under the process.

- ✓ **Notification:** Wherever possible, employees must be notified in advance of the employment termination date orally or in writing.
- ✓ **Severance Payment:** Employees must receive full and timely payment of all monies owed to them (wages, unused leave, social security, holiday, retirement, etc.) by the date of termination in accordance with contract terms and conditions and all applicable laws.
- ✓ **Documentation:** Suppliers must ensure that the factory maintains all required and relevant documentation necessary to demonstrate and verify that any workforce reduction has been conducted in compliance with NB Policy on Workforce Retrenchment, contract terms and applicable local, national, and international laws.

L-ER-1.5 Advance Notification to NB

If and when a factory retrenchment, downsizing or closure is deemed unavoidable, NB Compliance requires the following information to be prepared by the Supplier and discussed with New Balance Compliance at least 3 business days before the plan is implemented.

- 📁 **List of Affected Employees:** A full list of employees who will be laid off. List must include name, age, length of service, trade union membership, and any special considerations including, but not limited to: injury information if the employee had any job-related injuries, pregnant or lactating employees, and/or married couples in which both spouses are affected by the layoff. This does not include exceptional cases where an employee is terminated because they present a threat to themselves or others, or have been caught stealing or engaging in otherwise inappropriate behavior. In such exceptional cases, advance notification is not required.
- 📁 **Severance Plan:** A calculation of the pay and benefits to be paid to each affected employee on the proposed termination date, based at a minimum on legal requirements.

Communication Plan: A detailed plan outlining the consultation process with employee representatives (if applicable) on the retrenchment plan and how the employees will be notified of redundancy status. At a minimum this plan must include: an outline of the message to be delivered, including what financial or other considerations have led the Supplier to take undertake layoffs; how the message will be delivered (e.g., by an announcement or meeting, followed by a written letter); who will deliver any verbal communication (i.e. factory manager, personnel manager, etc.); who will be available after the announcement to counsel employees and answer questions; what space will be available for discussions with employees to take place.

Contingency Plan: A list of actions that management would take, in order, if the retrenchment process leads to employee protests or invites media attention. This action plan must identify who would serve as a public spokesperson for factory management, as well as who would be the point person for New Balance Compliance.

L-ER-1.6 Daily Reporting to NB

Suppliers must report a daily status update to New Balance while the retrenchment process is occurring. New Balance may choose to station a representative on site to monitor the process.

L-ER-1.7 Media Policy

In the event that media (newspapers, television, internet) provide coverage of the retrenchment process, New Balance must be informed immediately. Under no circumstances is any supplier representative authorized to talk to any media person on New Balance's behalf. All questions referencing New Balance (including but not limited to the nature of New Balance's business relationship with the Supplier, production volumes, and the role of New Balance in the retrenchment process) must be referred immediately to the New Balance Corporate Communications department:

<p>Name: Amy Dow Tel: +1.617.746.2214 Mobile: +1.617.818.2693</p>
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L-ER-1.8 Recruitment Agencies

Suppliers must only use legitimate recruitment agencies that follow NB's recruitment and hiring policy.

Employees hired through outside recruitment agencies are still the supplier's employees, and as such, suppliers employing outside labor must meet all the requirements herein

References:

- ILO Convention No. 158, Termination of Employment Convention (1982)FLA Retrenchment Guidelines
http://www.fairlabor.org/sites/default/files/documents/reports/fla_retrenchment_guidelines.pdf
- MFA Forum Guidelines for Managing Responsible Transitions
<http://fladev.forumone.com/sites/default/files/documents/blog/legacy/responsible-transitions.pdf>

COMMUNICATION AND ACCESS (CA)

Suppliers must make every effort to communicate employment rights to workers, as well as the NB Standards.

There are four Basic requirements for communication and access.

Communication and Access Requirements (CA)
L-CA-1.1 Laws and regulations
L-CA-1.2 NB Standards
L-CA-1.3 Audit Access
L-CA-1.4 Remediate Violations

Suppliers are responsible for the employment relationship with their employees and must comply with the applicable local laws or the NB Supplier Standards, whichever is stricter.

L-CA-1.1 Laws and Regulations

Suppliers must have applicable laws and regulations available at each facility for employees to review, including:

📁 Labor laws posted listing the minimum wage and required benefits.

📁 Health and Safety Regulations.

L-CA-1.2 NB Standards

Suppliers must post the New Balance Code of Conduct prominently in the facility in the local language(s) of the employees, and its contents must be communicated to employees during their employee orientation and throughout their employment.

L-CA-1.3 Audit Access

Suppliers must provide New Balance and its authorized representatives or agents with complete access to their facilities, records and documentation for monitoring purposes. All pertinent records and documentation must be available for review on-site during the audit.

L-CA-1.4 Remediate Violations

Suppliers must respond promptly to reported compliance violations and all corrective action recommendations. Any critical findings must be remediated immediately.

HEALTH AND SAFETY

Workplace health and safety are vitally important. New Balance expects all business partners to maintain the highest standards of workplace health and safety, based on US Occupational Safety and Health Act (OSHA) standards or equivalent international standards, combined with local laws and regulations.

To support the implementation of these workplace health and safety, New Balance expects its Suppliers to develop professional health and safety standards and to implement effective management systems to ensure these standards are met on the factory floor from day to day. Management systems can include systems for communicating standards and training employees to identify and deal with workplace hazards, reporting systems to manage problems as they arise, and methods for keeping up-to-date on best practices for minimizing the hazards inherent in the factory's specific manufacturing processes.

LEGAL/PERMITS (LP)

Suppliers must operate in full compliance with the laws of their respective countries and with all other applicable international, national, and local laws, rules and regulations.

There are three Basic legal and permit requirements.

Legal/Permit Requirements (LP)	
HS-LP-1.1	PERMITS
HS-LP-1.2	VIOLATIONS
HS-LP-1.3	STRUCTURAL SAFETY

HS-LP-1.1 Permits

Suppliers must have all current, legally required operating permits and certificates related to health and safety, including:

- 📁 Certificate of occupancy and proof of fire-safety inspection.
- 📁 Permits for equipment such as boilers, generators, elevators, fuel and chemical storage tanks.
- 📁 Chemical storage and use permits.

In addition, suppliers must have procedures in place to stay up to date with changing health and safety laws as they may apply to the business.

All current permits must be available for review at each facility.

HS-LP-1.2 Violations

NB Suppliers must be free from official notices or prosecution for non-compliance with respect to health and safety violations, including fire, chemical and structural or building code violations.

In the event that a Supplier is subject to an official notice, or prosecution, it must diligently resolve the non-compliance.

Suppliers must also be able to demonstrate whether the violation has been resolved or provide a timeline for resolution.

HS-LP-1.3 Structural Safety

Suppliers' facilities must comply with applicable building codes and structural safety regulations. Suppliers must conduct a structural analysis of their facilities to ensure all buildings are safe for occupancy. In addition:

- Building design and construction must always comply with local building code and be suitable for the intended purpose.
- Any building alterations must also comply with building codes, and must be performed by qualified professionals.
- Mezzanine and/or shelf loads must not exceed capacity.
- Roof loads must not exceed capacity.

FIRE SAFETY (FS)

Fire safety is a critical requirement for all Suppliers. All Suppliers must have systems to detect, prevent and respond to fire hazards.

There are thirteen Basic fire safety requirements.

Fire Safety Requirements (FS)	
HS-FS-1.1	MEANS OF EVACUATION
HS-FS-1.2	EMERGENCY EXITS
HS-FS-1.3	EVACUATION MAPS
HS-FS-1.4	ASSEMBLY AREAS
HS-FS-1.5	NO SMOKING
HS-FS-1.6	FIRE HYDRANTS
HS-FS-1.7	AUTOMATIC SPRINKLER SYSTEM
HS-FS-1.8	FIRE ALARM SYSTEM
HS-FS-1.9	EMERGENCY LIGHTING
HS-FS-1.10	FIRE EXTINGUISHERS
HS-FS-1.11	EMERGENCY RESPONSE PROCEDURES
HS-FS-1.12	EXPLOSION-POTENTIAL AREA
HS-FS-1.13	FIRE SAFETY TRAINING

Suppliers are responsible for maintaining a safe and hygienic work environment at all facilities, and must comply with local health and safety laws, NB Standards or OSHA standards, whichever is stricter.

HS-FS-1.1 Means of Evacuation

Supplier facilities must have adequate evacuation routes, stairways and exits, in accordance with local fire codes and health and safety regulations, allowing employees and occupants to safely and quickly evacuate the premises in the event of an emergency.

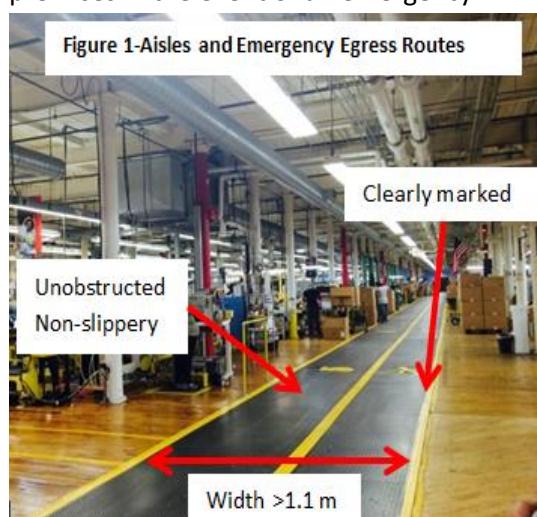


Figure 1 - Evacuation Routes

Evacuation route requirements:

- At least 2 stairways are required from each upper story of a building if the story has more than 30 occupants, unless legal requirements are more stringent.
- Aisles and corridors that serve as a means of emergency egress:
 - ✓ Width must be > 1.1 meters.
 - ✓ Head room must be >2 meters.
 - ✓ The floor surface must be slip-resistant.
 - ✓ Without obstructions.
 - ✓ There must be adequate clearance (>0.4 meters) between work stations and clear passage for employees.
 - ✓ No means of egress must pass through high hazard areas, such as chemical storage rooms, boiler rooms, etc.

HS-FS-1.2 Emergency Exits

The Supplier must have sufficient directional and exit signs to ensure that all egress routes and building to exits are clearly indicated.

- ✓ All marked exit doors must be unlocked during regular working hours, or whenever the factory is occupied.
- ✓ Exit signs must be clearly legible with pictogram and labeled in the local language.
- ✓ Exit doors must open outwards.

- ✓ Any doors not serving as exits or means of egress must be marked “No Exit”.
- ✓ The walking surface at exits must be at the same height on both sides of the exit door or passage.
- ✓ All employees must be positioned within 60 meters from the nearest exit.
- ✓ There must be an adequate number of exits of appropriate width

Exit Requirements									
Number of Persons in Room	< 30	< 200	< 300	< 500	< 750	< 1000	< 1250	< 1500	> 1500
Number of Exits	1	2	2	2	3	4	5	6	6 or more
Total Escape Width	>0.75m	>1.75m	>2.50m	>3.0m	>4.5m	>6.0m	>7.5m	>9.0m	For each 250 persons add 1.5m

Table 1- Exit Requirements

The width and number of exit doors for a room or other section of the factory depends upon the number of employees in the room and not on the floor area. Smaller rooms may require larger exit doors if they hold more occupants. On the other hand, in larger rooms or areas with fewer employees (e.g. warehouses) smaller exits may be acceptable.

HS-FS-1.3 Evacuation Maps

Suppliers must display floor plans or evacuation maps on each floor of each facility.

The following requirements apply to evacuation maps:

- ✓ Clearly show all emergency escape routes, exits, and assembly areas.
- ✓ Have a ‘you are here’ marking, to help the reader identify the nearest or safest evacuation route.
- ✓ Locations of fire extinguishers.
- ✓ Locations of fire alarms triggers.
- ✓ Location of First Aid Kits.
- ✓ Be posted prominently along emergency exits paths and in highly visible areas.



Figure 2 - Evacuation Map

HS-FS-1.4 Assembly Areas

Suppliers must designate assembly areas at a safe location outside of the building, which does not interfere with emergency service.

An “Assembly Area” signboard must be posted at assembly areas in a size and color that employees can easily see in the event of an emergency.

HS-FS-1.5 No Smoking Signs

Suppliers must display “No Smoking” signs prominently throughout the premises, including bathrooms, storage rooms and high risk areas, such as chemical or fuel storage rooms.

HS-FS-1.6 Fire Hydrants

Suppliers must install fire hydrants and hoses throughout each facility.

To ensure that the equipment is kept in good working condition, hydrants and hoses must be flushed twice per year, and visually inspected during fire drills. Each inspection must be documented on the attached control tags.

HS-FS-1.7 Automatic Sprinkler System

When adequately designed, installed and maintained, automatic sprinkler systems are very effective and offer great protection for building occupants and property.

Suppliers must have a sprinkler system installed at high fire-risk locations, with an independent water or foam supply, and:

- ✓ Water pressure and storage must be checked and documented twice per year.
- ✓ Water level, water pumps and the general condition of related equipment must be visually inspected monthly.
- ✓ Pressure gauges must be installed in sprinkler system pipelines to help control and manage water level and pressure.
- ✓ The water pump system must be set to auto status to maintain the water pressure in the pipeline system.
- ✓ Sprinkler heads must be kept clean and sensors must be maintained in good condition.
- ✓ Water flow through the sprinkler system must activate the building fire alarm.
- ✓ Sprinkler piping must not be used to support unrelated equipment or materials.
- ✓ There must be at least 0.45 meter clearance sprinkler heads and stored materials.

HS-FS-1.8 Fire Alarm System

Suppliers must install fire alarm systems (*including optical and acoustic signal emitters*) which are distinct from other alarms and notification systems.

Alarm system requirements:

- ✓ Installed by a qualified person.
- ✓ Equipped with working smoke and heat detectors.
- ✓ Disruptive enough to be perceived above ambient noise and normal light levels by all affected employees.
- ✓ Tested every 3 months by a competent, qualified person. Records must be kept for all tests, maintenance, repair or replacement of alarm system.

HS-FS-1.9 Emergency Lighting

Suppliers must install emergency lighting along egress routes, at exits, in stairwells and at other appropriate locations.

- ✓ Exit paths must have sufficient lighting and be clearly visible (>10 lux).
- ✓ Illuminated “EXIT” signs are required at exits and along egress routes.
- ✓ All emergency lighting and “EXIT” signs must have backup power supply with duration of at least 1 hour.
- ✓ Emergency lighting must be visually inspected and tested on a monthly basis. Inspections must be documented.

**Emergency Lighting Monthly Test
Record for _____**
(Building) _____

(Monthly test each unit for 30 seconds) Date for Annual test (90 minutes) _____

Unit #	Date	Condition – OK/Needs Service	Inspected by
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			

Figure 3 - Emergency Lighting Inspection Form

HS-FS-1.10 Fire Extinguishers

Suppliers must install sufficient and appropriate fire extinguishers at all facilities, considering the different fire risk ratings and fire classifications.

Fire extinguisher classification:

CLASS A: Fires involving common combustibles such as wood, paper, cloth, rubber, trash and plastics.

CLASS B: Fires involving liquids or liquefiable solids such as petrol, oil, paints.

CLASS C: Fires involving gases such as hydrogen, propane, butane.

CLASS D: Fires involving combustible metals such as magnesium and sodium.

CLASS E: Fires involving energized electrical equipment, such as wiring, controls, motors, data processing panels or appliances.

CLASS F: Fires involving cooking oil and fats.

Table 2 - Fire Extinguisher Classification

	Class A	Class B	Class C	Class D	Class E	Class F
Water	✓					
Foam	✓	✓				
ABC Dry Powder	✓	✓	✓		✓	
Dry Special Powder				✓		
CO2 Gas		✓			✓	
Wet Chemical						✓

Fire extinguisher location

- ✓ At least one extinguisher per 100 square meters of floor area.
- ✓ Mounted on brackets or in wall cabinets with the carrying handle placed 3.5 to 5 feet above the floor.
- ✓ Fire extinguisher must be easily accessible and their locations clearly marked.
- ✓ An extinguisher must be located immediately outside of rooms used for storage of combustible materials.
- ✓ An extinguisher must be located near storage areas for empty flammable liquid containers.
- ✓ Operating instructions must be in the local language of the employees as well as all factory personnel.

Fire extinguisher inspection

- ✓ Extinguishers must be fully charged at all times, and must be recharged after each use or when contents expire.
- ✓ Visual inspection must be conducted at least once per month, and documented on a control tag.
- ✓ Weight check must be conducted according to instructions of fire extinguishers.



Figure 4 - Inspection Log

HS-FS-1.11 Emergency Procedures

Suppliers must identify different emergency scenarios and develop response procedures, including:

- ✓ Emergency response teams.
- ✓ Emergency contact lists (internal and external).
- ✓ Emergency reporting process.
- ✓ Emergency evacuation maps.
- ✓ Emergency gathering areas.

Suppliers must conduct **at least two** planned, emergency evacuation drills per year, and:

- ✓ Develop evacuation drills plan.
- ✓ All work areas and shifts must be included.
- ✓ Head-count records must be kept during all drills.

HS-FS-1.12 Explosion-Potential Area

Suppliers must take appropriate measures to reduce the risk of explosion-potential areas.

Many factors influence the risks from a fire involving dangerous substances. In particular, employers must consider whether a fire could lead to an explosion, how fast a fire might grow what other materials might be rapidly involved, any dangers from smoke and toxic gases given off, and whether those in the vicinity would be able to escape.

Where an explosive atmosphere can form, any ignition could cause a fire or an explosion. To reduce this hazard, Suppliers must:

- ✓ Identify all explosion-potential areas. Explosion-potential areas must include chemical storage and use areas (e.g., chemical warehouse, screen printing, etc.) and dust generating areas (e.g., buffing).
- ✓ Conduct safety assessments for explosion-potential areas at least once a year.
- ✓ Take preventive measures in high risks areas: isolation, replacement of chemicals, monitoring, online sensor, etc. For example, if an explosive atmosphere could occur in the screen-printing workshop due to poor industrial ventilation, then the employer must improve ventilation and ensure that there is no equipment or work process which may ignite flames.

HS-FS-1.13 Fire Safety Training

Suppliers must regularly train employees on basic fire safety, including the use of fire extinguishers, safe evacuation and reporting emergencies.

Members of emergency teams or fire brigade must be trained at least once per year, or more as required by law. All training must be conducted by a qualified person or the local fire department.

Fire safety training must include the following:

- ✓ Use of fire extinguishers and other related equipment.
- ✓ Communication during fire emergencies.
- ✓ How to aid in the quick and safe evacuation of the facility.
- ✓ Providing first aid during fire emergencies.
- ✓ Reading evacuation route plans

Suppliers must keep records of training events and a log of the participating employees.

References:

- Fire Protection, Occupational Health and Safety Standards, 29 CFR 1910.155 – 165
- Means of Egress, Occupational Health and Safety Standards, 29 CFR 1910.33 – 39

PERSONAL PROTECTIVE EQUIPMENT (PPE)

Suppliers must protect their employees from workplace hazards that can cause injuries or illness.

Controlling hazards at the source is the best way to protect employees. However, when engineering, work practice and administrative controls are not feasible or do not provide sufficient protection, Suppliers must provide appropriate personal protective equipment (PPE) to their employees and ensure its proper use to prevent or reduce workplace hazards.

There are five Basic PPE requirements.

Personal Protective Equipment Requirements (PPE)

- HS-PPE-1.1 IDENTIFY HAZARDS
- HS-PPE-1.2 PROVIDE PPE
- HS-PPE-1.3 PPE TRAINING
- HS-PPE-1.4 MONITORING PPE USE
- HS-PPE-1.5 PPE SIGNS

Suppliers are responsible for maintaining a safe and hygienic work environment at all facilities, and must comply with local health and safety laws, NB Standards or OSHA standards, whichever is stricter.

HS-PPE-1.1 Identify Hazards

Most workplaces have individual hazards that employees are exposed to. Suppliers must conduct and document a hazard evaluation to identify physical and health hazards in the workplace. The evaluation must consider the entire facility and all the functions performed within, as well as reviewing any history of occupational illnesses or injuries to identify hazards in the following basic categories:

- Impact
- Penetration
- Compression (roll-over)

- Chemical
- Heat/Cold
- Harmful dust
- Light (optical) radiation
- Biological

Once the hazards are identified and evaluated, the Supplier must undertake to reduce risks by implementing engineering controls first, administrative controls second, and use of personal protective equipment last or in addition to the prior actions.

Figure 5 - Sample Job evaluation and PPE selection

Textile Spot Cleaner

Based on an assessment of the work activity area hazards to which Textile Spot Cleaners are exposed, the equipment listed below is the basic PPE required for this occupation. In this situation the employee may use solvent-based chemicals to clean textiles and is located near the embroidering department where noise levels are above 85dB.

- Safety glasses
- Respiratory mask appropriate to the chemical utilized
- Latex gloves
- Apron
- Ear plugs
- Sufficient localized ventilation

(Signed and dated)

HS-PPE-1.2 Provide PPE

Considering the identified hazards, qualified health and safety staff must select the most suitable PPE for employees in each workstation or work function. Only those items of protective clothing and equipment that meet NIOSH (National Institute for Occupational Safety & Health), ANSI (American National Standards Institute) or country standards may be procured or accepted for use. All PPE must conform to the following ANSI standards:

Eye and face protection

- Suppliers must ensure that all persons in their facilities have appropriate eye or face protection if they are exposed to eye or face hazards from flying particles, liquid chemicals, acids or caustic liquids, chemical gases or vapors, potentially infected material or potentially harmful light radiation. Affected persons may include employees, visitors and other third parties present in the facility.
- Common types of Eye Protection
 - Safety Spectacles
 - Goggles
 - Welding shields
 - Face shields
- Prescription lenses
- For employees who wear prescription lenses, eye protectors must either incorporate the prescription in the design or fit properly over the prescription lenses.
- Contact lenses wearers must also wear appropriate eye and face protection devices in a hazardous environment.

Head protection

- Suppliers must furnish head protection to employees, visitors and third parties present in their facilities if any of the following apply:
 - Objects might fall from above;
 - They might bump their heads against fixed objects, such as exposed pipes or beams;
 - There is the possibility of head contact with electrical hazards.

Foot protection

- Safety shoes must be worn by employees who face the risk of foot or leg injuries from falling or rolling objects or from crushing or penetrating materials. (e.g. mechanics and operators handling heavy tools or machinery; hand truck operators; warehouse personnel).

Hand protection

- If the workplace hazard evaluation reveals that employees are at risk of injury to hands or arms, and the risk cannot be eliminated through engineering and work practice controls, Suppliers must ensure that employees wear appropriate hand and arm protection (gloves, finger guards and arm coverings or elbow-length gloves).
- Suitable gloves must be worn when hazards from chemicals, cuts, lacerations, abrasions, punctures, burns, biologicals, and harmful temperature extremes are present.
- Glove selection must be based on performance characteristics of the gloves, work conditions, duration of use and hazards present.

Skin protection (other than gloves)

- Employees must use skin or body protection if they are exposed to workplace hazards that could cause bodily injury
 - Temperature extremes;
 - Hot splashes from hot liquids;
 - Potential impacts from tools, machinery and materials;
 - Hazardous chemicals

Hearing protection

- Employees working in stations with noise levels above 85dB must have implemented procedures to reduce or eliminate the risk of hearing loss.
- Engineering controls must be used as a first and main solution.
- If engineering and work practice procedures are not enough, PPE must be used (ear plugs, earmuffs, etc.)

HS-PPE-1.3 PPE Training

Personnel performing work that requires the use of PPE, as identified through the hazard evaluation, must be trained at the time of initial assignment or hire, and at least annually thereafter.

Training must include:

- ✓ What PPE is required, and when.
- ✓ How to properly use the required PPE.
- ✓ Limitations of PPE.
- ✓ When to replace PPE.
- ✓ The proper care, maintenance, useful life and disposal of PPE.

Employees required to use PPE must be assessed periodically to ensure their proper use of PPE, and re-trained whenever new equipment or processes are introduced.

HS-PPE-1.4 Monitoring PPE Use

Suppliers must ensure that employees wear the necessary PPE at all times. Supervisors must monitor employees to make sure that PPE is being used properly

HS-PPE-1.5 PPE Signs

Suppliers must display signs wherever PPE is required, to remind employees of their proper use and the hazards they are exposed to.



Figure 6- Metal-chain gloves sign for employees in the cutting department.

References:

- Personal Protective Equipment, Occupational Health and Safety Standards, 29 CFR 1910.132
- Respiratory Protection, Occupational Health and Safety Standards, 29 CFR 1910.134

MACHINERY & ELECTRICAL SAFETY (ME)

Suppliers must ensure that all machinery present and operated on-site is maintained in safe operating order and with all the proper guarding installed to protect operating personnel and passers-by from hazards such as nip points, rotating parts, flying chips and sparks. Suppliers must also ensure that electrical wiring is in safe, good working condition.

There are nine Basic requirements for machinery and electrical safety.

Machine & Electric Safety Requirements (ME)

- HS-ME-1.1 OCCUPATIONAL HAZARD
- HS-ME-1.2 RISK ASSESSMENT
- HS-ME-1.3 MACHINE SAFETY GUARDING
- HS-ME-1.4 EMERGENCY STOPS
- HS-ME-1.5 MACHINE LABELING
- HS-ME-1.6 ELECTRICAL SAFETY
- HS-ME-1.7 REGULAR INSPECTION
- HS-ME-1.8 LOCK OUT/TAG OUT
- HS-ME-1.9 PERMITS AND CERTIFICATION

Suppliers are responsible for maintaining a safe and hygienic work environment at all facilities, and must comply with local health and safety laws, NB Standards or OSHA standards, whichever is stricter.

HS-ME-1.1 Occupational Hazards

Suppliers must maintain a safe work environment free from any hazards that are likely to cause serious physical harm or death to employees.

Examples of Occupational Hazards

- 1- Unguarded or inadequately guarded machines with exposed shear points or crushing hazards.
- 2- Open mezzanine levels without rails or guarding to prevent falls.
- 3- Ungrounded work tools.
- 4- Exposed wiring.
- 5- Materials stacked too high.

HS-ME-1.2 Risk Assessment

Suppliers must conduct a job safety analysis for each machine and job function performed at the facility, identifying the hazards related to each position. For each hazard, Suppliers must aim to:

1. Eliminate or reduce the risk by fitting safety devices or guards to the machines.
2. Protect employees with appropriate personal protective equipment (PPE).

HS-ME-1.3 Machine Guarding

Suppliers must install all the necessary safety guards on all machinery at the worksite.

Machine guards must be designed and constructed to prevent the operator from having any part of his or her body in the danger zone during the operating cycle.

In addition, machine guards must meet the following minimum requirements to protect employees against mechanical hazards:

- ✓ The point of operation on machines whose operation exposes an employee to injury must be guarded.
- ✓ Guards must prevent hands, limbs, and any other part of employees' bodies from making contact with dangerous moving parts.
- ✓ Employees must not be able to easily remove or tamper with machine guards.
- ✓ Guards must prevent all objects from falling into moving parts.
- ✓ Guards must not create any new hazards, and must not interfere with work.

- ✓ Guards must be in good operating condition and securely in place.
- ✓ Guards must not create additional hazard.
- ✓ Machines with rotating parts must be enclosed and interlocked with automatic shut off mechanism.

Examples of required machine guarding:

- Protective cover for belt wheel on stitching machine.
- Driving back plate on skiving machine.
- Cover for rolling wheel on glue machine.
- Guardrail for feeder on injection molding machine.
- Guards on sharp edges and machine shear-points.
- Needle guard on stitching machine.
- Eye shields over grinding wheels.
- Safety guard installed for the high heat parts.



Figure 7 - Proper needle guarding on sewing machine.

Selection of machine guarding and protective devices

The following table provides a short overview about advantages and disadvantages of the various protective devices and their possible misuse.

Table 3 - Machine Guarding

Protective Device	Parts can fly out / Radiation hazard	Permanent load/unload activities	Multi operator protection	Machine cannot be stopped safely / in time	Productivity	Maintenance free	Special Features *	Critical foreseeable misuse /
Opto-Electronic Devices	-	+	+	-	+	+	+	Reaching over / under, standing behind possible
Fixed Guards	+	-	+	+	-	+	-	Removed
Movable Guards	+	•	+	•	•	•	-	Easy defeat of interlock possible, wrong dimensioning
Two-Hand Devices	-	•	-	-	•	•	-	Only one device used for multi operator processes
Mats, Bumpers	-	+	+	-	+	-	•	Only one device used for multi operator processes

* (Man / Material detection, use on mobile applications)

Symbols: • = neutral + = preferred - = Not recommended

Safe Distance Requirements for Guard Design

The following table lists the largest allowable guard openings.

Distance between the hazard to the guard	Maximum allowed space under the guard
1.27 – 3.81 cm (1/2 to 1 1/2 in)	0.64 cm (1/4 in)
3.81 – 6.35 cm (1 1/2 to 2 1/2 in)	0.95 cm (3/8 in)
6.35 – 8.89 cm (2 1/2 to 3 1/2 in)	1.27 cm (1/2 in)
8.89 – 13.97 cm (3 1/2 to 5 1/2 in)	1.59 cm (5/8 in)
13.97 – 16.51 cm (5 1/2 to 6 1/2 in)	1.91 cm (3/4 in)
16.51 – 19.05 cm (6 1/2 to 7 1/2 in)	2.22 cm (7/8 in)
19.05 – 31.75 cm (7 1/2 to 12 1/2 in)	3.18 cm (1 1/4 in)
31.75 – 39.37 cm (12 1/2 to 15 1/2 in)	3.81 cm (1 1/2 in)
39.37 – 44.45 cm (15 1/2 to 17 1/2 in)	4.76 cm (1 7/8 in)
44.45 – 80.01 cm (17 1/2 to 31 1/2 in)	5.40 cm (2 1/8 in)
Over 80.01 cm (Over 31 1/2 in)	15.24 cm (6 in)

Table 4 - Guard openings

HS-ME-1.4 Emergency Stops

Suppliers must install emergency stopping switches on all machinery. In an emergency, employees must be able to stop all machine movement quickly and easily.

- ✓ Emergency stop devices must be easy to reach and accessible from all directions.
- ✓ Emergency stop devices must end all dangerous machine functions as quickly as possible without producing additional risks.
- ✓ Emergency stop switches must have priority over all other machine functions and commands in all operating modes.
- ✓ Resetting the emergency stop switch must not trigger a restart.



Figure 8 - Machine with multiple emergency stop switches.

HS-ME-1.5 Machine Labeling

All high risk areas on machines must be marked prominently (e.g. high heat notice, machine shear points).

All controls, indicators or information displayed on machines must be marked in color as follows:

Table 5 - Guard openings

Color	Meaning	Explanation
White	Unspecific	Initiation of functions
Grey		
Black		
Green	Safe/Start/On	Actuate during safe operation or to establish normal situation
Red	Emergency/Stop /OFF	Actuate in hazardous situation, emergency situation or stop/off commands
Blue	Instruction	Actuate in situation that requires mandatory action
Yellow	Abnormal	Actuate in abnormal situation

HS-ME-1.6 Electrical Safety

To prevent or reduce electrical hazards in the workplace, Suppliers must ensure that:

All wiring in safe operating condition, with no loose or exposed wiring

- ✓ All electrical wiring is kept away from combustible materials
- ✓ All electrical panels are protected, individually labeled, and with unobstructed access.
- ✓ All facilities have a proper grounding system, proper lighting protection system, or available residual current device.
- ✓ All electrical problems are fixed in a timely manner by qualified and certified professionals.
- ✓ Any equipment with electrical problems is removed from service until the issue is fixed by a capable, authorized person.

- ✓ Junction boxes, distribution panels and similar electrical equipment must be enclosed, undamaged and must not be misused for direct connection to machines.
- ✓ All wiring must have proper industrial connections.
- ✓ All wiring must be insulated and protected from mechanical damage and from extreme heat.
- ✓ High voltage areas and generator rooms
 - ✓ Appropriate hazard warning signs.
 - ✓ Access restricted to authorized employees only.
 - ✓ No materials must be stored in high voltage areas.

HS-ME-1.7 Regular Inspection

Suppliers must regularly inspect machinery and special equipment to ensure their safe operation.

- Safety checklists must be established for different machine types.
- Machine operators must inspect and ensure that safety devices are in good conditions before using machines.
- Only qualified employees must maintain and repair machinery.
- Maintenance and inspection records must be kept for all machines.

Power Industrial Trucks: Suppliers must implement a daily inspection routine that requires employees to inspect each powered industrial truck at the beginning of every shift to make sure it is in good working condition, and that all the security features are functional.



Figure 9 - High voltage area.

Figure 10 - Sample Power Truck Inspection Checklist

VISUAL CHECKS	DAMAGE Bent, dented or broken parts
	LEAKS Drive unit, brakes, hydraulics
	TIRES & WHEELS Drive wheels, steer wheels, load wheels, casters, etc.
	FORKS Secure, not bent, cracked or badly worn.
	CHAINS, CABLES & HOSES In place
	BATTERY Battery cable and connector condition. Cable routing (not outside of truck). Battery retainer securely in place.
	GUARDS All guards in place and condition. Overhead, load backrest, etc. Gates and side rails (SP & Turret Models)
OPERATIONAL CHECKS	MECHANICAL SAFETY DEVICES Safety shield, entry bar, operator harness, warning labels, etc. in good condition.
	OPERATOR COMPARTMENT/CONTROLS All controls, steer tiller, pedals, etc. in good condition. Seat locks in position. Pallet grab/release.
	POWER UP Turn on key. All indicator lights and alarms working.
	POWER DISCONNECT Cuts off all electric power
	ELECTRICAL SAFETY DEVICES Horn, audible signals, entry bar, flashing lights, indicator lights, etc. work properly
	STEERING No binding, no excessive play
	BRAKES & TRAVEL CONTROLS Check braking & plugging distances while traveling slowly at first. If ok, then check at higher speeds. Acceleration smooth, not jerky.
	PARKING BRAKE Seat, hand or foot
	HYDRAULIC CONTROLS Test all hydraulic functions for smooth and proper operation and no unusual noise.
	ATTACHMENTS Function properly, no unusual noise, securely in place especially removable attachments.
	LIMIT SWITCHES Travel limit, lift limit, tilt limit, safety reverse (walkies), etc.
	BATTERY CHARGE Discharge meter in full green or 75% charge after raising forks.
	WIRE GUIDANCE (SP and Turret Option) Acquisition, tracking. Brakes set, alarm works - test by slowly driving off end aisle wire.
	END AISLE CONTROL (SP and Turret Option) Alarm beeps and truck slows down or stops as programmed at aisle end.

HS-ME-1.8 Lock-out/Tag-Out

Each facility must have a working lock-out/tag-out plan identifying all the equipment and machines that must be locked and tagged during maintenance or repair.

All personnel relying on Lock-Out/Tag-Out procedures must have proper, individual locks and tags and must understand how to carry out the Lock-Out/Tag-Out plan.

Lock-Out/Tag-Out must generally follow this procedure:

1. Notify affected personnel that the machine will be shut down and locked out.
2. Shut down the machine using normal stopping procedure.
3. Isolate all energy sources.
4. Apply locks, tags, and/or devices to the energy disconnects for each energy source present.
5. Block or dissipate all stored energy in rams, flywheels, springs, pneumatics or hydraulic systems.
6. After assuring no personnel are exposed, attempt activation of normal operating controls to make certain the locked out equipment does not operate.
7. When the assigned repair or service is completed, and the machine is ready for testing or return to service, check the surrounding area to ensure no one will be exposed to danger. Make sure all loose parts and tools are removed and replace all guards.
8. Notify all affected personnel that locks and tags will be removed and the machine is ready for operation.
9. When the area is clear, remove all locks and de-activate all the energy isolating devices to restore energy and material to the machine – the same employee who installed the locks and energy isolating devices must deactivate and remove them.
10. Perform any necessary testing of the restored machine to ensure it is in operable condition.



Figure 11- Lock-Out/Tag-Out equipment.

HS-ME-1.9 Permits and Certification

Where required by law, special equipment must be registered (e.g. forklifts, elevators, lifts, boilers).

Special operation personnel and operators of special equipment must carry a current professional certification (e.g. welders, forklift operator).

All current permits and certifications must be available for review at the facility.

References:

- Machinery and Machine Guarding, Occupational Health and Safety Standards, 29 CFR 1910.212
- Electrical, General Requirements, Occupational Health and Safety Standards, 29 CFR 1910.303
- Electrical, Wiring Methods, Occupational Health and Safety Standards, 29 CFR 1910.305
- Lock-out/Tag-out, Occupational Health and Safety Standards, 29 CFR 1910.147
- Powered Industrial Trucks, Occupational Health and Safety Standards, 29 CFR 1910.178

INJURY PREVENTION & FIRST AID (FA)

Suppliers must take the necessary steps to prevent injuries in the workplace through engineering controls, administrative and procedural controls, as well as ensuring the use of protective equipment. Suppliers must also ensure that employees have access to medical care when needed.

There are three Basic requirements for injury prevention and first aid.

Injury Prevention & First Aid Requirements (FA)

HS-FA-1.1 FIRST AID ACCESS

HS-FA-1.2 MEDICAL TREATMENT

HS-FA-1.3 MEDICAL REPORTING/INJURY LOG

Suppliers are responsible for maintaining a safe and hygienic work environment at all facilities, and must comply with local health and safety laws, NB Standards or OSHA standards, whichever is stricter.

HS-FA-1.1 First Aid Access

Suppliers must keep one fully stocked first aid kit per every 100 employees, in each facility.

First aid kits must list their contents, and at a minimum, must contain:

- ✓ Directions for emergency assistance
- ✓ Absorbent compress
- ✓ Adhesive bandages
- ✓ Adhesive tape
- ✓ Antiseptic
- ✓ Burn treatment
- ✓ Combine pad
- ✓ Content card
- ✓ Disposable gloves
- ✓ Elastic bandages
- ✓ Eye irrigation solution
- ✓ First aid cream
- ✓ First aid manual
- ✓ Flexible fabric bandages
- ✓ Forceps (tweezers)
- ✓ Instant cold packs
- ✓ Sterile pads
- ✓ Triangular bandages

Where the eyes or body of any person at the facility may be exposed to injurious corrosive materials or chemicals, the Supplier must install suitable facilities for quick drenching or flushing of the eyes and body. Most commonly, this includes eye wash stations and emergency showers.

HS-FA-1.2 Medical Treatment

Suppliers with 1,000 employees or more (or as required by law) must have onsite medical providers, or a clinic.

Where an onsite medical provider is not required, suppliers must assign qualified first-aid personnel for each shift. At least one trained first-aid responder must be assigned per every 100 employees.

Suppliers must also identify the nearest infirmary, clinic or hospital where injured employees may be treated.

HS-FA-1.3 Medical Reporting/Injury Log

Suppliers must record all work-related injuries and near-misses in the appropriate forms, and report to the local government authority where required. Records must include:

- 📁 Name of employee or Supplier
- 📁 Date of injury or incident
- 📁 Where injury occurred
- 📁 General description and cause of accident
- 📁 Number of work days lost due to the injury

Suppliers must investigate all accidents, identify the root cause of the accident and implement corrective plans.

- Severe injuries (death, permanent disability, loss of limb) must be reported to NB immediately.
- In addition, Suppliers must compile a yearly summary of injuries and accidents at the worksite, including *(this data would already be reported through NB's Monthly Performance Rating program (MPR) for participating Suppliers)*:

📁 Total number of injuries.

📁 Total number of deaths.

📁 Total number of work days missed due to injury.



Figure 12 - Factory accident tracker.

References:

- Medical and First Aid, Occupational Health and Safety Standards, 29 CFR 1910.151

WORKING CONDITIONS (WC)

Suppliers must provide a safe, clean and healthy workplace for all employees, and take active steps to prevent accidents or injuries.

There are seven Basic requirements for proper working conditions.

Working Conditions Requirements (WC)
HS-WC-1.1 Cleanliness
HS-WC-1.2 Drinking Water
HS-WC-1.3 Toilet and Washrooms
HS-WC-1.4 Indoor Air Quality
HS-WC-1.5 Temperature
HS-WC-1.6 Light Level
HS-WC-1.7 Hazards

Suppliers are responsible for maintaining a safe and hygienic work environment at all facilities, and must comply with local health and safety laws, NB Standards or OSHA standards, whichever is stricter.

HS-WC-1.1 Cleanliness

Suppliers must generally maintain facilities clean and well organized.

- ✓ Walkways, stairways and exits must be clean and free from clutter.
- ✓ Litter, work-produced debris, and any spills must be cleaned promptly.
- ✓ All waste must be collected in bins and disposed of regularly.

HS-WC-1.2 Drinking Water

Suppliers must ensure that employees have access to clean drinking water at all times. Water quality must be tested every six months to ensure that it is safe for consumption and compliant with local legal requirements for bacteria and contaminant levels.

HS-WC-1.3 Toilets and Washrooms

Suppliers must provide separate toilet facilities for each gender (unless they will not be occupied by more than one employee at a time) that can be locked from the inside and contain at least one toilet. Toilets and washroom facilities must be maintained in a clean, sanitary and serviceable condition.

Supplies must have sufficient toilets and washroom facilities for the workforce, according to local law or the OSHA standard, whichever is more stringent:

Table 6 - Toilet Requirement

Number of employees of each sex	Minimum number of toilets per sex
1 to 15	1
16 to 35	2
36 to 55	3
56 to 80	4
81 to 110	5
111 to 150	6
Over 150	1 additional per 40 employees.

Hand washing facilities must be provided at or adjacent to each toilet facility. Each must be equipped with:

- ✓ Running water and soap, or with waterless skin-cleansing agents that are capable of disinfecting the skin or neutralizing the contaminants to which the employee may be exposed.
- ✓ If the facility uses soap and water, it must have clean, single-use hand towels, clean cloth towels, or a hand-drying air blower.

HS-WC-1.4 Indoor Air Quality

To protect employees' health, Suppliers must use proper ventilation to remove air contaminants from the workplace.

- Suppliers must use supply and exhaust ventilation to control emissions, exposures and chemical hazards in the workplace.
- Indoor air quality must be monitored regularly to ensure that there are no unsafe levels of pollutants in the air (biological, chemical or particles).
- Any air quality deficiencies must be corrected:
 - ✓ At the source by replacing processes or materials used.
 - ✓ Through engineering controls, by installing local exhaust or ventilation.
 - ✓ Using administrative controls, such as changing employee schedules, training them on best work practices, or improved housekeeping.

Local exhaust guidelines

- ✓ Local exhaust must be used to direct air flow away from employees performing tasks such as welding or handling or mixing chemicals.
- ✓ The volume and velocity of air in each exhaust system must be sufficient to gather the dust, fumes, mists, vapors or gases to be controlled.
- ✓ Exhaust airflow must be directed away from employees, and vented directly outdoors or to pollution control equipment.
- ✓ Where two or more different operations are being controlled through the same exhaust system, the Supplier must ensure that the combination of the substances controlled will not result in a fire, explosion or other hazard.
- ✓ Where two or more ventilation systems are serving a work area, they must be located where they will not offset each other.
- ✓ Exhaust hoods must be paced close to the emission source to be effective. The distance between the

emission source and the exhaust hood must not exceed 1.5x the diameter of the duct.

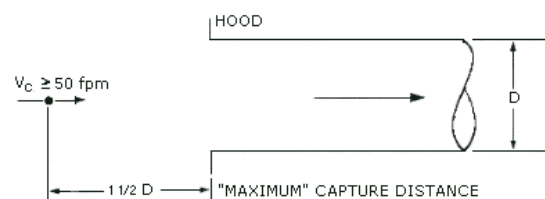


Figure 13 - Hood placement

- ✓ To ensure the maximum effectiveness of the ventilation system, the six-and-three rule must be applied to the length of ducts: a) ducts at the fan inlet must not be more than 6x the diameter of the duct, and b) ducts at the fan outlet must not be more than 3x the diameter of the duct.

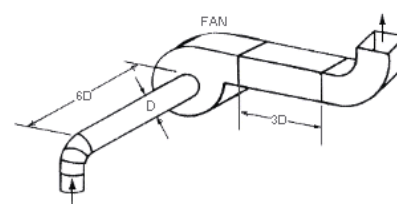


Figure 14 - Duct design

Please refer to the New Balance Industrial Ventilation Guideline for more detailed information.

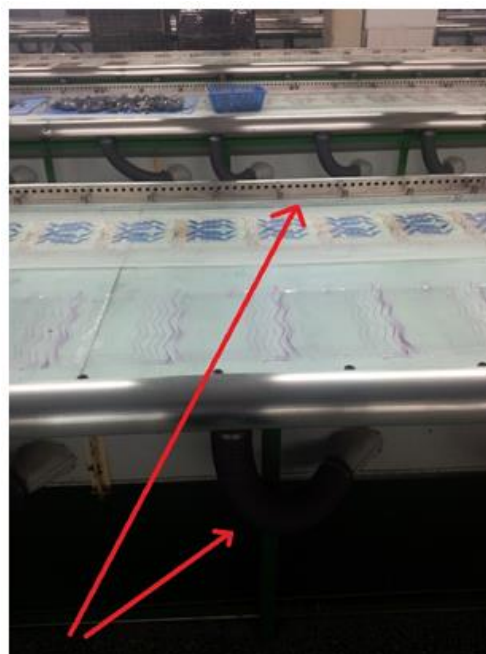


Figure 15 - Screen printing table equipped with local ventilation

HS-WC-1.5 Temperature

Suppliers must monitor indoor temperature levels in all facilities.

- ✓ Each facility must have appropriate temperature controls to ensure proper cooling and heating.
- ✓ Temperature within Suppliers' facilities must remain between 61°F (16°C) and 86°F (30°C).
- ✓ During warm months, the daily average temperature must not exceed the ambient outside temperature by more than 15°F (9.4°C).
- ✓ Plenty of drinking water must be available to employees in high-heat areas (e.g., dyeing, drying and pressing).

HS-WC-1.6 Light Levels

Suppliers must use a light meter to periodically test light levels at all workstations and to ensure that employees are working under safe lighting conditions.

Work areas must have the following minimum illumination:

Orientation and Simple visual tasks	30-100lx
Common visual tasks	300-1,000lx
Special visual tasks	3,000-10,000lx

Table 7- ANSI/IESNA RP-7-01 Recommended Practice for Lighting Industrial Facilities

- ✓ Lighting must be corrected if any deficiency is identified.

HS-WC-1.7 Hazards

Suppliers must maintain a safe work environment, free from any hazards that are likely to cause serious physical harm or death to employees.

Suppliers must conduct regular occupational health checks on employees exposed to health hazards. For example:

- Employees exposed to hazardous chemicals (employees handling solvents)
- Employees exposed to radiation (employees operating R/F welding machines)
- Employees working in high dust-areas

References:

- General Working Conditions, Occupational Health and Safety Standards, 29 CFR 1915.88
- Ventilation Investigation, OSHA Technical Manual TED 01-00-015 [TED 1-0.15A] (Section III, Chapter 3)

CHEMICAL MANAGEMENT (CM)

Chemicals present a variety of hazards including toxicity, corrosiveness, flammability, reactivity, and oxygen deficiency. Suppliers must limit employees' exposure to chemical hazards and toxic substances through engineering controls and safe work practice.

There are eight Basic chemical management requirements.

Chemical Management Requirements (CM)
HS-CM-1.1 Chemical Permits
HS-CM-1.2 Chemical Inventory
HS-CM-1.3 Material Safety Data Sheets
HS-CM-1.4 Eye Wash/Shower Stations
HS-CM-1.5 Chemical Storage
HS-CM-1.6 Spill Control
HS-CM-1.7 MRSL Compliance
HS-CM-1.8 Asbestos
HS-CM-1.9 Remediate Violations

Suppliers are responsible for maintaining a safe and hygienic work environment at all facilities, and must comply with local health and safety laws, NB Standards or OSHA standards, whichever is stricter.

HS-CM-1.1 Chemical Permits

Suppliers must maintain all the required registrations and permits for the procurement, storage, use and disposal of chemicals, according to applicable laws.

HS-CM-1.2 Chemical Inventory

Suppliers must keep a Chemical Information List (CIL) for all chemicals used in each facility, identifying the Supplier for each chemical and highlighting any hazardous chemicals.

All chemicals, inks, paints, solvents, primers, adhesives, and auxiliaries must be identified and listed on the CIL. The items listed on the CIL must meet all local laws, as well as the New Balance Restricted Substance List (RSL). In the event that items found within the production process are not listed on the CIL, NB may direct production be stopped until all materials used can be proved compliant with the NB RSL.

HS-CM-1.3 Material Safety Data Sheets

Suppliers must maintain recent copies of the Material Safety Data Sheets (MSDS) for each chemical used at each facility.

- ✓ The MSDS must be in the local language and readily available to employees in the areas where the chemicals are stored and used.
- ✓ MSDS must provide detailed information on the properties of chemicals, their hazards and safety information.
- ✓ MSDS for chemicals stored and handled at Supplier facilities must contain the following sections:

Section 1. Identification: product identifier; manufacturer or distributor name, address, phone number; emergency phone number; recommended use; restrictions on use.

Section 2. Hazard(s) identification: all hazards regarding the chemical; required label elements.

Section 3. Composition/information on ingredients: information on chemical ingredients; trade secret claims.

Section 4. First-aid measures: important symptoms/ effects, acute, delayed; required treatment.

Section 5. Fire-fighting measures: lists suitable extinguishing techniques, equipment; chemical hazards from fire.

Section 6. Accidental release measures: lists emergency procedures; protective equipment; proper methods of containment and cleanup.

Section 7. Handling and storage: lists precautions for safe handling and storage, including incompatibilities.

Section 8. Exposure controls/personal protection: lists OSHA's Permissible Exposure Limits (PELs); Threshold Limit Values (TLVs); appropriate engineering controls; personal protective equipment (PPE).

Section 9. Physical and chemical properties: lists the chemical's characteristics.

Section 10. Stability and reactivity: lists chemical stability and possibility of hazardous reactions.

Section 11. Toxicological information: includes routes of exposure; related symptoms, acute and chronic effects; numerical measures of toxicity.

Section 12. Ecological information

Section 13. Disposal considerations

Section 14. Transport information

Section 15. Regulatory information

Section 16. Other information: including the date of preparation or last revision.

Permanent chemical containers must be labeled, following the Hazard Material Identification System (HMIS) or NFPA (National Fire Protection Association).

- ✓ The identity of the chemical and hazards must be shown on the label
- ✓ The hazard warning must provide users with an immediate understanding of the health hazards
- ✓ The name and address of the manufacturer, importer or other responsible party must be included in the label.
- ✓ The label message must display blue, red and yellow to indicate any health, flammability and reactivity hazards of the material. Each hazard category must be numbered on a scale from 0 to 4.

- ✓ The hazard label message must be legible, permanently displayed and in the local language.

Secondary chemical containers must also be labeled if the contents will be used for a period of time longer than one work shift. Labels on secondary containers must identify the chemical contained and the hazards present.

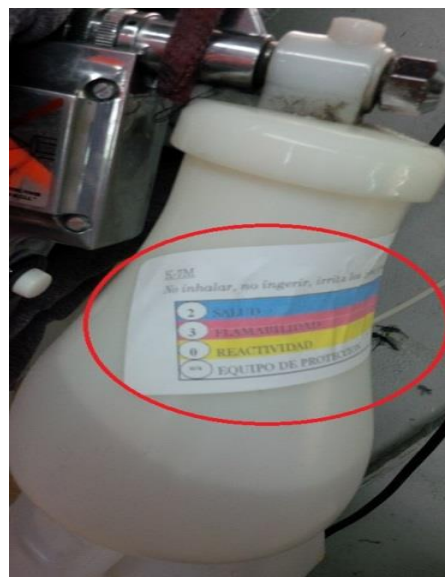


Figure 16 - Secondary container labeled with hazards.

HS-CM-1.4 Eye Wash/Shower Stations

Where the eyes or body of any person at the facility may be exposed to injurious corrosive materials or chemicals, the Supplier must install suitable facilities for quick drenching or flushing of the eyes and body.

Eye wash stations and showers must be well maintained and inspected regularly to ensure they are clean and remain functional.

HS-CM-1.5 Chemical Storage

All chemicals used must be stored according to the specifications in the MSDS, in a well-ventilated space designated for chemical storage. *(For further requirements on ventilation, see Section WC 6.4)*

Additional requirements for chemical storage include:

- ✓ Flammable chemicals stored separately.
- ✓ Incompatible chemicals stored separately.
- ✓ Electrostatic prevention.
- ✓ Sun-proof and temperature controls.

- ✓ Lightning protection.
- ✓ Secondary containment.
- ✓ Evacuation signs and routes.
- ✓ All the required PPE must be available on-site.
- ✓ PPE signs.
- ✓ Fire extinguishers and appropriate fire retardant materials.
- ✓ Explosion proof lighting, where necessary.



Figure 17 - Chemical Storage Room with secondary containment and eye wash station.

HS-CM-1.6 Spill Control

Suppliers must ensure that leaks and spills are cleaned up immediately.

Suppliers must have a documented spill response plan and appropriate equipment must be available where hazardous materials are used and stored.

- Spill control equipment must be adequate to contain and isolate the entire volume of hazardous substances being stored or transferred.

- Spill control equipment which has been used to clear hazardous chemical spills, must be disposed as hazardous waste.

HS-CM-1.7 MRSL Requirements

All Suppliers must comply with the current New Balance Restricted Substances Manual and Manufacturing Restricted Substances List (MRSL). For more information visit: <http://www.newbalance.com/inside-nb-environment.html>

Suppliers are prohibited from using restricted substances in the manufacture of New Balance products.

Chemicals listed on the MRSL are classified into three groups (Groups A, B, and Ozone Depleting Substances), and suppliers must meet the requirements for restricted substances in any of those categories.

- Group A lists chemicals which can easily be substituted with more environment friendly ones, and which **must** be eliminated during the manufacture of New Balance products. Where a chemical from Group A is identified, the factory must replace it with an approved alternative within 1 month.
- Group B lists chemicals for which a suitable replacement may not be feasible. Here, Suppliers **must** make every effort to minimize the exposure to employees, the environment and customers. Where a Group B chemical is identified and no adequate exposure controls are in place to protect employees, the Supplier must discontinue use of the chemical while proper controls are implemented and employees are trained on its use.
- Due to their strong impact on the ozone layer, Ozone Depleting Substances (ODS) **must not** be used in the manufacture of New Balance products.

See the most recent New Balance Restricted Substance Manual for a full list of restricted substances.

HS-CM-1.8 Asbestos

All facilities must be free from asbestos. Suppliers must survey their buildings and materials to ensure that there is no asbestos in the building or in construction materials used. If asbestos is identified in the workplace, Suppliers must:

- ✓ Develop an asbestos management plan to ensure that employees are not exposed to the health hazards caused by asbestos.
- ✓ Ensure that no construction or demolition work is performed which could release asbestos fibers near employee work areas.
- ✓ Notify all affected employees of all the associated health hazards.
- ✓ Regularly monitor the health of employees exposed to asbestos

Asbestos in Buildings

Asbestos is a naturally occurring mineral, made up of long thin fibers which can be dangerous if inhaled as dust, and are known to contribute to increased risk of lung cancer. Asbestos has commonly been used in buildings for a variety of purposes, including insulation coating and fire proofing. Asbestos and materials containing asbestos may be found in some of the following:

- Thermal System Insulation
 - Insulated boilers
 - Steam pipe
 - Ducts
 - Hot-water pipes
 - Exhaust system
 - High-temperature gaskets and valve insulation

• Surfacing Materials

- Sprayed or troweled-on surfacing materials on ceilings, walls, and acoustic and decorative insulation
- Textured paint and coatings
- Plaster and stucco
- Taping and joint compound
- Fireproof drywall
- Fireproof drapes and curtains

• Other Materials

- Roofing felts and shingles
- Exterior siding shingles
- Sprayed-on fireproofing on metal beams and columns
- Resilient asphalt
- Vinyl flooring, mastics, and seal

HS-CM-1.9 Remediate Violations

Suppliers must resolve chemical safety violations and eliminate hazards promptly.

Suppliers must be free from legal or regulatory violations as it pertains to the storage and handling of chemicals. They must also make every effort to maintain their facilities free from chemical accidents (e.g. poisoning, fire, explosion, massive leaks and spills).

If any accidents or violations have occurred, the events must be well documented, and Suppliers must be prepared to describe the occurrence and indicate whether the issue has been resolved or if there is a timeline for resolution.

References:

- Process safety management of highly hazardous chemicals, Occupational Health and Safety Standards, 29 CFR 1910.119
- Flammable liquids, Occupational Health and Safety Standards, 29 CFR 1910.106

CANTEEN AND DORMITORY (CD)

There are four Basic canteen and dormitory requirements.

Canteen and Dormitory Requirements (CD)	
HS-CD-1.1	Canteen
HS-CD-1.2	Certified Food Handlers
HS-CD-1.3	Sanitary Food Preparation
HS-CD-1.4	Dormitory Requirements

Suppliers are responsible for maintaining a safe and hygienic work environment at all facilities, and must comply with local health and safety laws, NB Standards or OSHA standards, whichever is stricter.

HS-CD-1.1 Canteen

Suppliers must provide access to a canteen, cafeteria or eating area for employees. Eating facilities must be protected from the elements and have sufficient seating space for all employees.

HS-CD-1.2 Certified Food Handlers

All food handlers and canteen staff must be certified by the appropriate government authority.

HS-CD-1.3 Sanitary Food Preparation

Food preparation areas must be cleaned regularly and maintained in sanitary conditions:

- ✓ Clean and sanitize all food preparation and eating surfaces, equipment and utensils after each use.
- ✓ Cloths or cleaning materials used for cleaning food spills must not be used for any other purpose.
- ✓ Pets, animals or other livestock must be kept away from the food preparation space or eating areas.
- ✓ If perishable food items are stored on site, Suppliers must have a mechanical refrigerator that is capable of maintaining temperatures under 5°C.

Personal hygiene practices

- ✓ Food handlers must wash their hands with soap and water before and after handling food, between each food preparation, and before using food-preparation equipment.
- ✓ Employees who are ill must report their illness to the manager and not work on food preparation until fully recovered and cleared by a medical provider. This

includes employees suffering from skin disorders such as dermatitis, open wounds, rash, etc.

- ✓ Where required by law, food handlers must undergo medical check-ups.

Prevent cross-contamination of foods

- ✓ Raw poultry, fish, and meats must be prepared in separate areas from vegetables, fruits, and cooked foods. If the kitchen area is limited, these foods must be prepared at different times during the day.

HS-CD-1.4 Dormitory Requirements

Suppliers providing dormitories or residential facilities to their employees must make sure that living facilities are healthy and safe spaces.

- ✓ Living units must be clean, safely structured, well lit and well ventilated.
- ✓ Employees living in the dormitories must receive individual beds or cots and personal storage space.
- ✓ Employees must have unlimited access to their living space.
- ✓ All sleeping accommodations, restrooms and showers must be segregated by gender.
- ✓ Toilets and shower facilities must be sanitary and maintained in good working order.

To ensure employees' safety, living units must meet these additional requirements:

- ✓ Housing buildings must be in compliance with all housing laws and building regulations.

- ✓ Housing buildings and dormitories must be free from asbestos and asbestos-containing building materials.
- ✓ Dormitories must have at least 2 unobstructed emergency exits per floor that lead to a safe location.
- ✓ Exits must be marked by illuminated signs that are backed up by battery.
- ✓ Exit doors must open in the direction of egress (outwards), be unlocked from the inside and must not require any special operation.
- ✓ Dormitories must be equipped with a adequate number of fire extinguishers, and must have smoke detectors and an audible fire alarm that can be heard in all parts of the building.
- ✓ Fire drills must be conducted in the dormitories at least two times per year.

ENVIRONMENT

New Balance recognizes that social and environmental impacts occur in the supply chain as in NB direct activities.¹ **This “Sprint” Manual establishes basic expectations regarding supply chain environmental performance and is intended to facilitate transparency of Supplier behavior and catalyze improved Supplier performance.** It is not only about environmental legal compliance, but also strategic and continuous environmental improvements in the supply chain. Attention to these details is indicative of a well-run business, which carries through all facets of Supplier operations. Failure to do so suggests a lack of respect and inattention to detail that may reveal itself in other areas of performance as well, such as quality or timeliness of delivery.

The Environment Module is organized into **7 Sections with 23 Basic requirements:**

Table 8 – Overview of all 23 “Basic” environmental requirements

	Legal/Permits	<ul style="list-style-type: none"> Know legal requirements and stays up to date All permits valid No violations in past 12 mos.
	Environmental Management Systems	<ul style="list-style-type: none"> Understand significant environmental impacts Assign environment/sustainability staff Environmental training program
	Energy	<ul style="list-style-type: none"> Identify all energy sources Track energy consumption
	Water Use	<ul style="list-style-type: none"> Identify all water sources Track water consumption
	Wastewater Disposal	<ul style="list-style-type: none"> Know wastewater discharge locations Proper WW treatment WW monitoring/testing
	Waste Management	<ul style="list-style-type: none"> Proper disposal practices Licensed vendors Waste list Separation SW/HW Proper storage facilities Emergency spill response Transportation and manifests/records HW training
	Air Emissions	<ul style="list-style-type: none"> Inventory of fugitive and point emission sources Treatment/controls

¹ Westpac

LEGAL/PERMITS (LP)

Basic legal compliance forms the foundation of any environmental management program. This section of the Manual details expectations for Suppliers to comply with the local laws and regulations in their region. New Balance recognized and respects the laws and regulations in the countries in which it operates and requires that its Suppliers do the same.

For a business to be effective in managing its environmental risks and liabilities it must comply with the law. A well-run business will meet or exceed regulatory requirements, track legislative changes and obtain and maintain all necessary permits and approvals.

In some cases Suppliers may be required to achieve higher standards depending on the nature of the industrial processes or manufacturing activities undertaken on site.

There are three Basic legal and permit requirements.

Legal/Permit Requirements (LP)	
E-LP-1.1	Legal Awareness
E-LP-1.2	All Permits Valid
E-LP-1.3	No Violations

E-LP-1.1 Legal Awareness

Suppliers must be aware of environmental laws and regulations that are applicable to their facility; AND Suppliers must have a system in place to check and maintain ongoing compliance with those laws and regulations.

Suppliers must establish clear Standard Operating Procedures (SOPs) and internal tracking mechanisms to monitor compliance of all current regulations. This means that the **Supplier must be able to list relevant environmental legislation that applies to its site and explain how it ensures compliance.**

For example, the following is a list of laws and regulations related to Air Emissions in China:²

1. Law of People's Republic of China on Environmental Protection
2. Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution
3. Law of People's Republic of China on Environmental Impact Assessment
4. Law of People's Republic of China on Cleaner Production Promotion

5. The Regulations on Environmental Information Disclosure

Additionally, the following is a sample list of "technology standards" that could apply to air emissions in China:

6. Integrated Emission Standard of Air Pollutants (GB16297-1996)
7. Emission Standards For Odor Pollutants (GB 14621-1993)
8. Technical Requirements for Monitoring of Fixed Source of Emissions (HJ/T397-2007)
9. Technical Guidelines for Fugitive Emission Monitoring of Air Pollutants (HJ/T55-2000)

Suppliers must have a procedure in place to **stay up to date on changing environmental laws and regulations.** New Balance expects Suppliers to keep up to date with all relevant environmental legislation and regulations and act accordingly to ensure that a factory is in compliance with the local legislation and in accordance with the NB Standards.

The procedure for staying up to date on changing laws and regulations should be appropriate for the factory size. It should define who and how to collect, update and review legal compliance information.

² Report-GCA-Audit-ir-EN.pdf from IPE Green Choice Audit program

To understand and remain up-to-date with applicable legal requirements, the Supplier may consider:

- Seeking expert advice from third parties and local government agencies;
- Conducting regular web searches;
- Subscribing to updates from official sources (e.g. legislative publications or legislation tracking services).

E-LP-1.2 Permits

Suppliers must maintain valid environmental licenses and permits as required by law.

Different permits may be required for different facility operations and production processes. For example, a dye house might require a wastewater discharge permit while a factory that operates a large scale boiler or large electric power generator might need to have an air emissions permit. **Exact permit requirements depend on the location, facility type and size of production among other things.**

Table 9 – Example list of permits

Common permitting documents that must be secured by Supplier factories where applicable and as required by local laws:
1. Environmental Impact Assessment (EIA)
2. Environment Compliance Certificate
3. Permit to Operate a Business
4. Surface and groundwater extraction licenses
5. Environment Permit to Operate Wastewater Treatment facilities
6. Wastewater discharge permit
7. Environment Permits for Air Emission Sources (e.g. Boilers, Power Generators, Dust Collector, Onsite Incinerator, etc.)
8. Environment Permits for Transport & Disposal of Solid Waste
9. Environment Permits for Storage, Transport & Disposal of Hazardous Waste
10. Other environment permit required by national environmental laws

For example, Figure 18 helps to visualize some of the common permits that are required for a footwear factory in Indonesia:

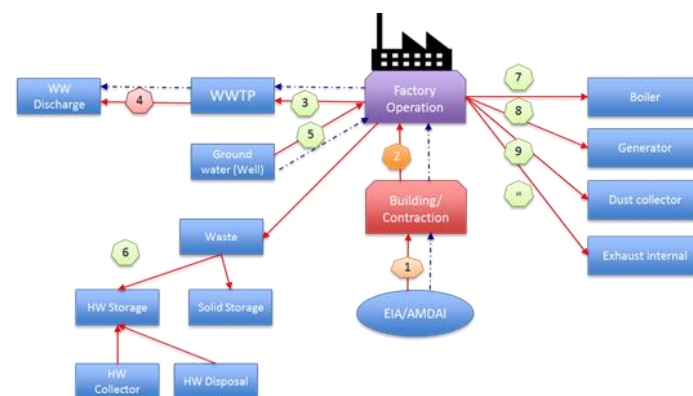


Figure 18 – Visual map of permit management in Indonesia

Air Permits Detail

Air permits are not always required. Depending on the types of industrial equipment and size of the boiler, a site may need to have a permit for its air emissions; and the air permit might require that the Supplier test/monitor emissions. If this is the case, the Supplier should record monitoring results on a regular basis.³

All relevant facility permits and licenses that relate to air emissions and ozone-depleting substances (ODS) must be available for New Balance representatives and up to date. Note that ODS are prohibited from use in the production of New Balance products according to the Restricted Substances List (RSL) – see the Health & Safety (HS) Module of this Standard for more details. Looking more broadly at the building systems, such as HVAC systems, a Supplier site may have ODS-containing equipment that requires a permit, and the permit may require the factory to monitor the quantity of ODS used or to check for equipment leaks. If this is the case, it is good practice to record monitoring results.

³ GSCP Implementation Guideline p.28 5.1.1

Many ODS are now legally banned. To meet legal requirements, Suppliers must ensure that no banned substances remain on-site and assess whether any substances still in use may be phased out in the future. Suppliers should consider tracking phase-out dates for each ODS, as these can change. The factory may need to create an ODS Replacement Plan that outlines a replacement plan for any equipment that produces or contains banned ODS.

Permit Changes/Updates

Suppliers must check whether changes in site operations or infrastructure affect compliance with permit/ license requirements and whether changes are required to permits. Suppliers should consider train designated workers on-site who have responsibilities for meeting permit conditions on what they must do to comply with those conditions.

E-LP-1.3 Violations

Suppliers must be free from an official notice or prosecution for non-compliance with respect to environmental legislation, regulation, consent or permit within the past 12 months. The facility must also be free any complaints from residents, NGO, or media about environmental impacts.

If any environmental violations have occurred, Suppliers must be prepared to describe the citation and indicate whether the issue has been resolved or if there is a timeline for resolution. If applicable, provide date and title of citation/letter, penalty incurred, reason for non-compliance, and follow-up actions and timeline. See Figure 19 below.

Facilities in China should search for their facility in the IPE database and follow-up as needed if there are any listed exposures.

The site received a "Violation letter dated 4 Apr 2012" for alleged violation of "failing to secure license as hazardous waste generator".

There was no fine resulting from this letter. We appealed to the Environmental Protection Department explaining that we had already secured the license as of 25 March 2012.

The charge was cleared since May 2012.

Figure 19 – Example violation and details of resolution

Environmental Management System (EMS)

Suppliers must implement elements of an environmental management system (EMS) that are appropriate to the size and environmental impacts of their operations. Critical components of an EMS are described below and fall within the Basic category of requirements. For comprehensive management systems, facilities may choose to certify their EMS under an acceptable certification standard, such as ISO 14001 or EMAS, but it is not necessary for Basic compliance. Certified systems can earn higher New Balance and industry performance ratings as a Leader indicator.

An EMS demonstrates an organized method and systems for minimizing the environmental impact of operations. The EMS serves as a tool to improve environmental performance, gives order and consistency through resource assignment, and focuses on continual improvement.

The most common approach is the use of an EMS guided by ISO 14001. A more comprehensive approach is the EU Eco-Management and Audit Scheme (EMAS), which is a management tool that provides a methodology for environmental audit, policy development, system implementation, and requires independent third party verification and validation of the EMAS and results in a registry listing and certified eco-label. For more information on the above certified EMS programs:

- <http://www.iso.org/iso/iso14000>
- http://ec.europa.eu/environment/emas/index_en.htm

There are three Basic required elements of an EMS.

EMS Requirements (EMS)	
E-EMS-1.1	Understanding Impacts
E-EMS-1.2	Environment Staff Assigned
E-EMS-1.3	Training Program

E-EMS-1.1 Understanding Impacts

Suppliers must identify, prioritize and understand the significant environmental impacts of its operation.

Almost all facilities interact with the environment and can cause it to change. A change to the environment is called an 'impact'. To understand how site activities impact the surrounding environment, Suppliers must conduct a simple environmental impact assessment and identify the most important environmental impacts. 'Significant' impacts are generally those which need to be prioritized for management action to reduce the impact. **Generally, large factories should consider all seven categories in this Manual to be significant categories that need to be managed to some extent.**

If a Supplier site has not conducted an environmental impact assessment to identify significant environmental impacts, a Supplier cannot satisfy this requirement and it should pursue an impact assessment.

The factory should be able to provide:

- 📁 A listing of top environmental impacts
- 📁 For each listed impact, a short description of the physical origin of the impact at the site
- 📁 References to any relevant documentation, such as previous environmental audit reports or assessments

Examples of impacts and source descriptions:

- **Wastewater:** Industrial wastewater effluent from washing workshop and domestic wastewater from dormitories and workshop restrooms.
- **Air Pollution:** Exhaust from diesel powered generator and VOC emissions from local exhaust vents and fugitive emissions through open windows and doors.

Other documentation to support this requirement should include the following:

- 📁 Environmental impact analysis (EIA)
- 📁 Local government environmental report
- 📁 Environmental management team org chart and job descriptions
- 📁 Permits for operations, air emissions, wastewater discharge, waste disposal, etc.
- 📁 Corrective action plans (CAP) from prior non-compliance assessments

E-EMS-1.2 Environmental/Sustainability Staff

Suppliers must designate a qualified staff member responsible for overseeing the site's efforts to improve environmental performance.

For large facilities, Suppliers must provide evidence that it has dedicated executive leadership responsible for its environmental initiatives and/or it has dedicated staff below the executive level with proper authority to manage and implement its environmental initiatives. Small operations can have a partial assignment, such as an EHS manager that manages environmental projects among other responsibilities.

In either case, the individual nominated as being responsible for environmental management activities should be selected based on previous experience, technical knowledge and/or environmental awareness. The individual may require additional environmental training to allow them to perform their role effectively.⁴

The facility must provide the name(s), title(s), role(s), and contact information for all people responsible. (*Any area*

identified as a significant environmental impact in the previous requirement should be covered in the job responsibilities.)

Example:

Mr. Steve Chan

Environmental Manager

Responsible for overseeing energy, wastewater, and air emissions management

Email: steve.chan@factoryx.com

Phone: 111-111-1111

E-EMS-1.3 Environmental Training Program

All employees (including temporary workers, employees, contractors, emergency response team, and management) must be trained on relevant environmental matters.

Suppliers must demonstrate that **relevant** training on environmental issues is made available to current employees on at least an annual basis. Training may cover a broad range of approaches and tools such as:

- traditional instructor-led courses
- computer-based training
- presentations
- simulations
- exercises
- videos
- formal on-the-job coaching
- events/seminars/workshops

The Supplier should be able to provide a list of training topics, describe the training procedure, course name, duration, and list of attendees. Environmental training topics may include but are not limited to:

- Waste management – segregation, storage, recycling, disposal
- Hazardous waste – handling, storage, disposal, access, spills, containment

⁴ GSCP 1.1.5 p.12

- Air quality – PPE, local exhaust, VOCs
- Energy – start-up/shut-down, air leaks

Note the word "relevant." All staff do not need to be trained in all environmental topics. For some roles, training may focus on how an employee's role impacts the environment. For example, an employee that works in the chemical mixing room should have training about air emissions, hazardous waste procedures, and wastewater/chemical disposal. An employee that operates a sole press, on the other hand, might have training on energy efficiency and solid waste recycling.

Orientation Training

Suppliers should integrate broad training on sustainability issues into orientation training for all new employees, focusing on how employees, as individuals, influence the environmental performance of the site.⁵ Such environmental training does **not** replace the need to train employees on health and safety matters (both in terms of general health and safety hazards and specific training on, e.g., emergency procedures, first aider training etc.). It is important to demonstrate to employees the need to consider the potential interactions between environmental and health and safety issues.

Evidence of training may include documentation of specific modules or targeted content covering functional areas relevant to the organization.

Small operations will likely have less formal training systems than larger operations. Environmental training may be very limited if a facility's overall operation has few environmental impacts. However, even in such cases, employees should still be trained, for example, in proper waste disposal/recycling and energy efficiency behavior, such as turning off their equipment during breaks or at end of shift.

Sample documentation may include:

- 📁 Environmental training program
- 📁 Training records (attendee list, training materials, etc.)

⁵ UL880 15.3 Training

Energy (EN)

Improving energy efficiency requires effective energy management practices and processes to guide the overall energy program. Any organization, regardless of size, function, or mission should develop an effective energy program⁶.

Energy costs often represent the most significant expense after labor and raw materials. With fuel and electricity costs rising across the world, energy efficiency offers an increasingly attractive source of potential cost savings. Reducing the overall supply chain energy bill is becoming an increasingly important aspect of manufacturing. Many studies have shown that cost effective energy savings can be made from existing manufacturing plants across all tiers in the supply chain.

Savings from energy efficiency represent a significant opportunity for mature, responsible manufacturers to improve competitiveness, while also demonstrating greenhouse gas emissions reductions to customers. The figure below summarizes some typical energy consumption statistics and savings potential:

Facility type	Large garment facility	Medium size cut and sew facility	Small midsize footwear
Energy Consumption (Electricity)	USD 3 million per year	USD 1.5 million per year	USD 700,000 per year
Savings potential	USD 458,000 per year, payback 1.3 years	USD 125,000 per year, payback 1.8 years	USD 175,000 per year, payback 0.7 years
Reduction potential	15%	10%	25%
Areas of opportunity	Compressed air pressure management, insulation, boiler automatic control optimization	Motor upgrade, insulation, compressed air pressure management, lighting	Hydraulic press optimization, lighting, condensate recovery, insulation

Figure 20 – Typical energy savings summary
(Source: Puma SAVE FAA, RESET Carbon 2013)

New Balance has two Basic energy requirements.

Energy Requirements (EN)
E-EN-1.1 Identify All Energy Sources
E-EN-1.2 Track Energy Consumption

These Basic requirements will assist a Supplier in improving its energy and financial performance while forming a foundation for further energy improvements.

⁶ http://www.energystar.gov/buildings/sites/default/uploads/tools/Guidelines%20for%20Energy%20Management%206_2013.pdf?dd91-ba60

E-EN-1.1 Identify All Energy Sources

Suppliers must identify all energy sources used at their manufacturing facility.

Suppliers must identify all energy sources being used at their facility. Patterns of energy use and carbon emissions vary between different facilities types depending upon the mix of processes and energy carriers. Footwear factories, for example, tend to rely primarily on grid electricity with back-up power often provided by diesel generators. Thermal processes may also require additional fuel sources such as natural gas, oil, biomass, or other fuels.

E-EN-1.2 Track Energy Consumption

Suppliers must track and measure, at least monthly, energy use from all sources, including energy used on the facility (direct) and energy purchased (indirect).

Regular and accurate energy performance data is necessary for effective energy management. Suppliers must understand and track current and past energy use to identify opportunities to improve energy performance and gain environmental and financial benefits. Suppliers should collecting and tracking energy consumption data to establish a baseline and manage energy use.

The benefits of accurate data include:

- Understanding which systems and processes consume the most energy
- Directing energy management efforts to prioritize the largest savings
- Measuring the savings achieved by a new energy efficiency program or installation of a new technology
- Ensuring that systems and processes are performing according to expectations
- Benchmarking energy efficiency over time or comparing between similar processes or workshops
- Assessing whether energy performance policies and targets are being achieved

Suppliers should consider the following when collecting energy use data:

- **Account for all energy sources:** Inventory all energy purchased and generated on-site (electricity, gas, steam, waste fuels) in physical units (kBtu, kWh, TOE, MMBtu, Mcf, lbs of steam, etc.) and on a cost basis.

Note: All energy sources should have already been identified by the facility under E-EN-1.1 above.

- **Document all energy used:** For the sources identified, assemble energy bills, meter readings, and other usage data. Energy data may reside in the accounting department, be held centrally or at each facility, or can be acquired by contacting the appropriate utilities or energy service providers.
- **Determine appropriate level of detail:** The level and scope of data collection will vary from factory to factory. Some Suppliers may choose to collect data from sub-meters on individual processes while others may only look at the utility bills for site-wide information.

Suppliers do not need to have sophisticated data charts, but monthly consumption values should at least be available in a summary table that shows consumption by month and allows tracking and historical comparisons. A file folder of energy bills that is not summarized in any way does not satisfy this requirement for actively tracking energy consumption.

Suppliers that submit complete and accurate Environmental Impact Data (EID) to NB's monthly EID system meet this requirement.

Water Use (WU)

Despite the fact that the earth's 3% volume of fresh water supply is a renewable resource, the supply of clean, fresh water is steadily decreasing as the world's population continues to rise. Preserving water is very important. Water conservation programs include appropriate monitoring management, efficiency improvements, accurate measurements and constant savings should be implemented at all levels of the supply chain.

According to the Organization for Economic Co-operation and Development (OECD)'s, Environmental Outlook 2030, 47% of the world's population will live in high water stress areas by 2030 at current consumption rates. The production of certain products is water intensive and may put pressure on water sources. Although the effect of water scarcity on the economy and on sustainability could be profound, few companies consider management of water resources strategically.

There are two Basic water use requirements

Water Use Requirements (WU)	
E-WU-1.1	Identified all water sources
E-WU-1.2	Track water consumption

E-WU-1.1 Identify Water Sources

Suppliers must identify all water sources used at their facility.

Suppliers must identify all water sources being used at their facility. Patterns of water use vary between different facilities types, depending upon the mix of processes, the presence of domestic facilities, and available water supply.

Footwear factories, for example, will typically rely on municipal water supplied through a water supply pipeline, water delivered by tanker truck, and groundwater from wells. Some water may be used from rainwater capture or from process water that is cleaned and reused on-site.

E-WU-1.2 Water Tracking

Suppliers must measure water use at the facility, at least monthly, from all water sources.

Suppliers must track water consumption from all water sources at least monthly. In many cases, it will be beneficial to track water consumption more frequently - on a weekly basis, for example. Regular and accurate water consumption data is required for effective water management.

Suppliers that submit complete and accurate EID to NB's EID system meet this requirement for tracking water use.

Wastewater (WW)

Suppliers must prevent pollution by reducing the contaminants from industrial process wastewater and sanitary wastewater.

Wastewater Streams	Example Sources
Process Wastewater	<ul style="list-style-type: none"> Wastewater from dyeing, laundering, laminating, cooling, cleaning, printing Utility operations Runoff from process and materials staging areas Miscellaneous laboratories, equipment maintenance shops, etc.
Sanitary Wastewater	<ul style="list-style-type: none"> Domestic sewage Food service/canteen Laundry facilities serving site employees

Manufacturing operations generate different types of wastewater, including process wastewater and sanitary wastewater (or “domestic wastewater”). Untreated wastewater discharged from operations directly to the environment—such as to rivers, lakes and creeks—is likely to have a negative impact on surrounding ecosystems and communities. This section of the Manual outlines the control and treatment of different types of wastewater and describes the minimum standards that Suppliers must meet for discharge. The overarching goal is to reduce environmental, health and safety impacts from wastewater effluent discharge.

There are three Basic wastewater requirements.

Wastewater Requirements (WW)

- E-WW-1.1 Know Discharge Location**
- E-WW-1.2 Wastewater Treatment**
- E-WW-1.3 Monitoring/Testing**

E-WW-1.1 Know Discharge Locations

The facility must be aware of where wastewater leaves the facility and where it is ultimately discharged.

In order to manage wastewater effluent effectively and minimize the risks associate with discharging wastewater to the environment, Suppliers must identify where wastewater leaves the factory site and—if off-site treatment is used—where it is ultimately discharged after leaving the site.

If wastewater is discharged directly from the site, this is relatively easy, and the facility should be able to identify all discharge routes, the integrity of internal drainage systems, and the location of all discharge points.

If wastewater is treated off-site and then discharged, the facility should enquire with the off-site facility to understand the ultimate discharge location after the treatment facility.

Large facilities should be able to show a facility diagram. Information about wastewater systems should also be available in the EIA. Suppliers should ensure that its EIA is up-to-date and representative of any changes that may have occurred to the facility (i.e. new production floors, new equipment, etc.) since the original EIA was completed.⁷

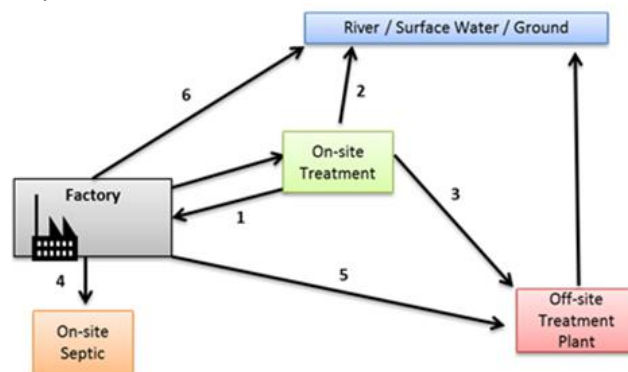


Figure 21 - Six common wastewater pathways.

⁷ ZDHC EWE 2.1.1

E-WW-1.2 Wastewater Treatment

Each individual wastewater stream (i.e., domestic/sanitary wastewater and industrial wastewater) must be adequately treated prior to its discharge to ensure compliance with standards/limits.

Wastewater pollutants may include acids or bases (exhibited as low or high pH), soluble organic chemicals causing depletion of dissolved oxygen, suspended solids, nutrients (phosphorus, nitrogen), heavy metals (e.g. cadmium, chromium, copper, lead, mercury, nickel, zinc), toxic organic chemicals, oily materials, and volatile materials, as well as thermal pollution from elevated temperature or discharge water.

Treatment Level

For Basic compliance, Suppliers must demonstrate that the level of wastewater treatment is based on applicable national and local governing agency standards as reflected in the EIA and wastewater permit requirements. Wastewater treatment processes in use should match those described in permit documents, and wastewater test reports must show that effluent quality meets local standard limits.

Untreated wastewater discharges to the environment are prohibited.

Wastewater discharge from a facility can be treated on-site (at the facility) or off-site (at a centralized wastewater treatment facility, often called a "POTW," operated by local government, industrial zone, or service provider). In either case, the discharge of all wastewater streams must meet effluent limits prescribed by permits and applicable local laws and regulations.

Factories using a POTW should request and receive documentation of the POTW's compliance with local, state, provincial or federal discharge regulations using the sample letter and form below.

- For on-site treatment, factories must not install piping that allows wastewater to bypass wastewater treatment equipment.
- On-site treatment of domestic wastewater should at least include equalization, chemical treatment,

aerated biological treatment, and clarification processes.

- Discharges to surface water must not exceed contaminant concentrations allowed by local ambient water quality criteria (or, in the absence of local criteria, refer to other international water quality criteria).
- Discharge of wastewater to public or private industrial zone wastewater treatment systems (POTW) must meet the pre-treatment and monitoring requirements of the sewer treatment system into which it discharges, and the POTW discharge must be meeting appropriate water quality standards.
- In terms of color standard, New Balance expects transparent or colorless discharge.⁸
- Foam should not persist at discharge points, and there should be no floating solids.⁹

Other general wastewater guidance and criteria limits can also be found at the following websites:

- *BSR Water Quality Guidelines:*
https://www.bsr.org/reports/awqwg/BSR_AWQWG_Guidelines-Testing-Standards.pdf
- *US EPA National Recommended Water Quality Criteria:*
<http://www.epa.gov/waterscience/criteria/wqcriteria.html>

⁸ ZDHC EWE 2.1.6

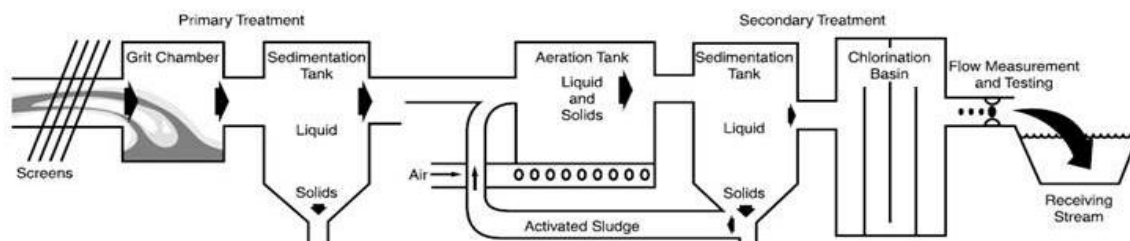


Figure 22 – One example of a wastewater treatment process with primary and secondary treatment

POTW Request

Suppliers may use the following sample letter and form to request high level information on whether the POTW in use is adequately equipped and performing well. Suppliers should maintain copies of letters sent.

{Name and Title Factory Contact}

{Factory Name and Address}

{Date}

{POTW Name and Address}

Dear Sir/Madam:

Please find the attached short survey form, requesting information on the municipal treatment works that our Company {Factory Name} uses for the final treatment of our wastewater.

This information is being requested by our customer, New Balance Athletic Shoe, Inc., as part of their Global Compliance program, and will be treated as confidential company information for internal use only.

Please complete the form and return it to the address above. I am expecting to communicate this to New Balance by {date}.

If you have any questions, or if any clarifications are required, please do not hesitate to call at {phone number}.

We look forward to receiving the completed form.

Thank you,

Sincerely,

{Name of Factory Contact}

Encl.: {Description of enclosed documents}

Figure 23 – Sample POTW Request Letter

Publicly-Owned Treatment Works / Municipal Wastewater Treatment Facility Survey

Please complete information in empty fields, otherwise check where appropriate.

Factory Name	{To be completed by Factory}		
Factory Address	{To be completed by Factory}		
Name of Municipal Treatment Works	{From this point forward, to be completed by Factory or POTW}		
Address of Municipal Treatment Works			
Country			
Daily Treatment Capacity (m ³)			
Treatment Categories	Primary	Secondary	Tertiary
List Treatment Processes			
Final Effluent Quality	<input type="checkbox"/> Good	<input type="checkbox"/> Average	<input type="checkbox"/> Bad
Final Effluent Appearance	<input type="checkbox"/> Yellow	<input type="checkbox"/> Pale	<input type="checkbox"/> Floating matter
	<input type="checkbox"/> Red	<input type="checkbox"/> Dark	<input type="checkbox"/> Foam
	<input type="checkbox"/> Green	<input type="checkbox"/> Clear	
	<input type="checkbox"/> Brown	<input type="checkbox"/> Cloudy	
	<input type="checkbox"/> Colorless	<input type="checkbox"/> Opaque	
Treatment process performs as designed	<input type="checkbox"/> At all times	<input type="checkbox"/> Most of the times (> 75%)	<input type="checkbox"/> Seasonally
Major operating challenges	<input type="checkbox"/> Industrial user effluent out of specifications <input type="checkbox"/> Technical know-how <input type="checkbox"/> Process overload <input type="checkbox"/> Funding <input type="checkbox"/> Environmentally sensitive receiving waters <input type="checkbox"/> Community relations		
Receiving Waters	<input type="checkbox"/> Stream <input type="checkbox"/> Lake <input type="checkbox"/> Underground water <input type="checkbox"/> River <input type="checkbox"/> Sea		
Additional Comments			

Figure 24 – Sample POTW Survey Form

Septic System Details

Septic systems are commonly used for treatment and disposal of domestic sanitary sewage in areas with no sewerage collection networks. Septic systems should only be used for treatment of sanitary sewage and are considered unsuitable for industrial wastewater treatment. **Suppliers are prohibited from disposing of industrial wastewater through septic systems.**

If septic systems are used for the disposal of domestic/sanitary sewage:

- a. Outlet discharge quality must meet requirements.
- b. Suppliers must ensure that the septic systems are properly designed and installed, are well maintained, and are installed in areas with sufficient soil percolation and stability.
- c. Design documentation, calculations, plans, and drawings should be maintained at the Supplier site.
- d. Design must consider distance to drinking water source, soil type, watershed rainfall patterns, and distance between laterals and groundwater aquifers, as applicable.
- e. If operational load conditions change (e.g. growth in workforce), an evaluation must be done to confirm continued compliance.
- f. Tanks must be watertight to prevent groundwater infiltration.
- g. If domestic wastewater contains oil and grease (i.e. from a canteen/kitchen), septic tanks must have oil/grease removal pre-treatment systems prior to wastewater entering the tank. The oil/grease separator must be properly sized, installed, and maintained. Cleaning should be done at least every 6 months, or as recommended by the manufacturer.
- h. Septic tank structure should be checked after each de-sludging to ensure there is no infiltration to the ground and surrounding soils.

Land Applications Detail

If wastewater is being reused on land (such as irrigation), wastewater must meet all applicable legal requirements. Treated wastewater that is used for irrigation must be managed within an approved irrigation program, following all legal requirements.

Additional guidance on water quality considerations for land application is available in the *WHO Guidelines for the Safe Use of Wastewater, Excreta and Greywater. Volume 2: Wastewater Use in Agriculture*: http://www.who.int/water_sanitation_health/wastewater/gsuweg2/en/index.html

Documentation

Documentation for this requirement includes the following documents:

- 📁 Valid wastewater discharge permit
- 📁 Environmental Impact Assessment (EIA)
- 📁 Wastewater quality test results (see E-WW-1.3)
- 📁 Septic tank design documentation and inspection records, if applicable
- 📁 Wastewater Inspection & Maintenance Logs, if applicable
- 📁 Flow Data Logs

WW Inspection Logs: For sites with on-site treatment plants, New Balance requires that the plant and equipment be inspected monthly and fully serviced once per year. Suppliers should keep the following documents readily available to facilitate maintenance work:

- A list of pre-arranged outside service or repair contacts
- A list of the equipment requiring maintenance
- A schedule for lubrication and other preventive maintenance tasks
- Records of past corrective work, problems and services for the equipment
- Spare parts inventory
- A reference list of equipment handbooks
- Emergency equipment inventory

Wastewater Management System Inspection & Maintenance Log

Facility Name & Address: _____

Equipment/ Operation	Inspection/ Maintenance Performed By: (Name)	Maintenance Task (Describe)	Date	Visual Inspection (Date)	Issue/ Problem? (Describe)	Corrective Action	Responsibility (Name)	Completion Date
Aerator								
Screens								
Sedimentation Tank								
Chemical Dosage								
pH Adjuster								
Pumps								
Valves								
Pipes								
Other								
Other								

Figure 25 – Sample WW Inspection & Maintenance Log

Flow Logs: Suppliers must measure incoming volume of fresh water supplied to the factory from all sources (E-WU-1.2 above) and volume of outgoing effluent wastewater, using a flow meter. On a monthly basis, a Supplier should assess water loss/diversion (included in NB EID reporting). Baseline expectations are at least 1 incoming meter and 1 outgoing meter.¹⁰ Suppliers should keep a daily log of flow meter readings of incoming water and outgoing wastewater.

E-WW-1.3 Monitoring/Testing

Suppliers must undertake regular wastewater quality testing or monitoring, at least every 6 months, to ensure ongoing compliance with regulated/permitted effluent limits.

Suppliers must conduct third party or government laboratory analysis of wastewater to demonstrate that it complies with applicable wastewater quality limits.

Suppliers must sample the wastewater at least twice per year, or more frequently if required by local agencies.

Suppliers should refer to local regulations for required testing parameters. For example, Vietnam wastewater quality testing parameters are described in National technical regulation on domestic wastewater (QCVN 14:2008/BTNMT) and Industrial Wastewater (QCVN 40:2011/BTNMT).

In addition to legal requirements, New Balance strongly recommends that wastewater analysis should include the following traditional parameters and metals:

- pH
- Temperature
- BOD
- COD
- TSS

¹⁰ ZDHC EWE 2.1.3

- Nitrogen
- Phosphorous
- Color
- Foam
- Fecal coliform (domestic sewage)
- Metals
 - Mercury
 - Cadmium
 - Lead
 - Arsenic
 - Copper
 - Nickel
 - Chromium
 - Zinc
 - Cyanide
 - Cobalt
 - Manganese
 - Antimony

Testing of wastewater and effluent discharges must be performed by capable and properly certified laboratories using US Standards, ISO, European and National Standards, or WHO Water Quality Assessment.

Suppliers should arrange for a neutral party (a qualified independent contractor, not a factory manager or worker) to collect industrial wastewater samples. Supplier personnel may collect samples for in-house analysis of pH and temperature. If Supplier personnel must collect other wastewater samples because a neutral party is not available, the Supplier must ensure that these employees are trained and follow proper procedures for conducting wastewater sampling.

The analytical laboratory will provide a report of wastewater test results. Reports must include test methods, detection limits, and other information that is standard on laboratory reports, and must include the

laboratory's contact information and certifications.¹¹

Suppliers must keep on file testing results and other operational information on-site for 5 years; and Suppliers should be prepared to provide original copies of the laboratory's analysis to New Balance upon request, along with a copy of the chain-of-custody documents.

Sites with on-site treatment facilities that discharge directly to the environment should conduct more frequent internal monitoring of key water quality indicators. Suppliers should maintain the following equipment to ensure wastewater treatment systems are working properly:

- Imhoffe settling cones
- DO meter
- pH meter
- Thermometers (accuracy of 0.1°C)
- Beakers
- Spectrometer
- TDS meter

¹¹ In Indonesia, for example, qualified laboratories should have KAN certification by the government.

Waste Management (WM)

This section outlines the requirements for ensuring that waste is safely handled, stored, transported, and disposed. It is not intended, however, to apply to projects or facilities where the primary business is the collection, transportation, treatment, or disposal of wastes. Specific guidance for these types of facilities is presented in the IFC Environmental Health and Safety (EHS) Guidelines for Waste Management Facilities.

There are eight Basic waste management requirements.

Waste Management Requirements (WM)	
E-WM-1.1	Proper Disposal
E-WM-1.2	Vendor Certification/License
E-WM-1.3	Waste Lists
E-WM-1.4	Separation SW/HW
E-WM-1.5	Proper Storage Facilities
E-WM-1.6	Emergency Spill Response
E-WM-1.7	Transportation/Manifests
E-WM-1.8	Training

E-WM-1.1 Proper Disposal

Suppliers must manage and discharge all waste according to legal requirements.

All waste disposal or recycling efforts must meet legal requirements. This includes the usage of only officially authorized waste and recycling contractors (more in E-WM-1.2 below). Additional specific standards apply for wastes classified as hazardous waste (HW).

Suppliers must obtain the necessary permit(s), identification number or other regulatory approvals for the types and quantities of the waste that they generate.

Suppliers are prohibited from dumping waste into illegal landfills and rivers or burning illegally, whether on factory premises or elsewhere. Suppliers are also prohibited from unauthorized or illegal HW treatment or disposal.

If any waste is incinerated or otherwise disposed of on-site, the Supplier must have the appropriate permits.

Hazardous Waste

Suppliers must adhere to all international and national laws related to classification, storage, handling, transport and final disposal of hazardous waste. In many countries,

factories are required to register the type and quantity of hazardous waste that are being generated from their operations. National environment authorities may also require a legitimate and duly authorized hazardous waste transporter as well as a legally authorized hazardous waste disposal suppliers to comply with these relevant hazardous waste regulations.

- Suppliers cannot comingle or mix hazardous and non-hazardous waste streams. [Any co-mingled waste that includes hazardous waste must be entirely treated and disposed as hazardous.]
- Hazardous wastes must never be disposed of in a non-hazardous waste landfill, solid waste landfill, or local “dump.”
- Liquid hazardous wastes must be treated, recycled, or incinerated; not landfilled.
- Empty chemical containers must not be given or sold to the public or to employees for personal use.

The factory should establish clear procedures for managing empty hazardous material containers to prevent them from being misused or used for personal purposes.

1. If feasible, Suppliers should return empty chemical containers to the original vendor.
2. If vendor take-back is not available, suppliers should follow the practices described below.

Suppliers should follow the below disposal practices if vendor take-back is unavailable for empty hazardous material containers:

- Triple-rinse containers that formerly held substances that may be disposed of to the sewer or to the on-site treatment plant, such as water-based detergents or some water-based inks (excludes hazardous materials). Once the container is clean and dry, they may be recycled as nonhazardous solid waste.
- Ensure that chemical solvent or flammable material containers (which cannot be triple-rinsed because of sewer and/or on-site treatment plant restrictions) are drained and completely dry. Poke holes in the plastic containers so they may never be re-used.
- Containers with residual chemicals must be disposed as hazardous waste.

Note: International requirements may also include host-country commitments under the Basel Convention on the Control of Transboundary Movements of Hazardous Waste and their disposal (<http://www.basel.int/>) and Rotterdam Convention on the Prior Inform Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (<http://www.pic.int/>).

E-WM-1.2 Certified/Licensed Vendors

Suppliers must ensure only properly licensed waste collectors and treatment/disposal facilities are used.

Retain copies of valid permits and licenses for waste collectors, treatment/disposal/recycling facilities.

For hazardous wastes, Supplier staff should visit waste disposal/recycling sites or receive signed letters of attestation to determine if the facility.¹²

- Is secure from public access (fenced, gated)
- Manages waste responsibly
- Has permits

- Complies with permit conditions, and keep records on file
- Has financial ability to pay for spill clean-up or closing of site

E-WM-1.3 Waste Lists

Suppliers must identify the different waste types generated by the facility and maintain a comprehensive and up-to-date list of waste materials, including a separate hazardous waste list.

In order to effectively manage solid waste, the facility should periodically assess, document, and update a list of all solid waste streams generated, including waste type, quantities, characteristic, and acceptable disposal method.

A **waste** is any solid, liquid, or contained gaseous material that is being discarded by disposal, recycling, burning or incineration. It may be byproduct of a manufacturing process or an obsolete commercial product that can no longer be used for intended purpose and requires disposal.

Solid (non-hazardous) wastes generally include garbage and refuse. Examples of such waste include domestic trash and garbage; inert construction / demolition materials; refuse, such as metal scrap and empty containers (except those previously used to contain hazardous materials which should, in principle, be managed as a hazardous waste); and residual waste from industrial operations, such as boiler slag, clinker, and fly ash. For EID reporting, New Balance has identified a list of Top 10 footwear waste material types that must be tracked.

Hazardous waste shares the properties of a hazardous material (e.g. ignitability, corrosivity, reactivity, or toxicity), or other physical, chemical, or biological characteristics that may pose a risk to human health or the environment if improperly managed. Wastes may also be defined as “hazardous” by local regulations or international conventions, based on the origin of the waste and its inclusion on hazardous waste lists, or based on its characteristics.

¹² Levi's p.111

A waste is considered hazardous if it is either “characteristic” or “listed.”

Characteristic: A waste can be considered hazardous if it is known or has been tested to exhibit hazardous characteristics:

- **Corrosive:** Liquid waste with pH less than or equal to 2 and bases with pH greater than or equal to 12.5 or capable of corroding metal containers such as storage tanks, drums and barrels (for example, capable of corroding ¼” of steel per year).
- **Ignitable:** Flammable or ignitable waste can cause fire under certain conditions, spontaneously combustible, compressed gases, or have a flash point less than 140 °F.
- **Lethal:** Can cause severe health effects or death when ingested, inhaled, or absorbed through the skin.
- **Reactive:** Waste that are unstable under normal condition and can cause explosions, toxic fumes, gases or vapor when heated, compressed or mixed with water.
- **Oxidizer:** Wastes that add oxygen to a fire, often having “per” at the beginning of the name, “oxide” at the end of the name, or “ate” in its chemical name.
- **Toxic:** Waste that are containing are expected to cause injury, cancer, or illness to human health or harm to the environment.

Listed: Factories should refer to their national hazardous waste directory or catalogue for further detail on “listed” hazardous wastes and other rules for classifying waste as hazardous.

Examples of hazardous waste

- Waste chemicals, such as solvent-based paints, primers, cements
- Chemical-contaminated rags and brushes
- Used oil and oil filters
- Used batteries
- Fluorescent lamps
- Electronic equipment
- PCB lighting ballasts
- Medical waste
- Empty chemical containers
- Sludge

Sludge from a waste treatment plant, water supply treatment plant, or air pollution control facility, and other discarded material, including solid, liquid, semisolid, or contained gaseous material resulting from industrial operations should be evaluated on a case-by-case basis to establish whether it constitutes a hazardous or a non-hazardous waste.

Bio-solids can sometimes be reused or recycled as soil amendments only after they have been treated to remove pollutants and disease-causing organisms (thickened, stabilized, conditioned, disinfected, dewatered, and made into suitable bio-solid). Other possible solutions for bio-solids:¹³

- Mono-fill
- Designated landfill
- Incineration
- Agricultural fertilizer
- Silviculture
- Composting
- Bricks
- Ceramics

¹³ Levi's p.103 - http://lscos3.amazonaws.com/wp-content/uploads/2014/01/LSCO-Sustainability-Guidebook-2013-_-December.pdf

E-WM-1.4 Separation SW/HW

Suppliers must correctly segregate hazardous and non-hazardous waste streams.

Hazardous wastes must always be segregated from nonhazardous wastes.

E-WM-1.5 Storage

Suppliers must provide separate and dedicated SW and HW storage facilities protected from weather and fire risk and with a proper containment area for the stored waste type.

Waste discharge points designating SW and HW must be marked with signage according to legal requirements and in the language of factory staff and workers.

All waste storage containers must be appropriate for the waste being stored in them (e.g. acids must not be kept in metal drums as they will corrode the metal); and containers should be clearly marked with their contents.

Hazardous Waste Storage Requirements

As stated in E-WM-1.4, hazardous waste must be stored separately from nonhazardous wastes and stored as follows:

Signage:

- “NO SMOKING” signs must be prominently posted throughout the area
- List of hazardous wastes indicating what wastes and where they are to be stored
- Sign showing the applicable points of contact in case of an emergency (see E-WM-1.6). Include telephone numbers for clean-up contractors (if applicable) and local authorities who respond to fires and chemical spills (posted next to the telephone)

Protection:

- Protect wastes from the elements (e.g. rain, snow, direct sunlight)
- Store in a manner that prevents commingling or contact between incompatible wastes, and allows for inspection between containers to monitor leaks or spills
- Incompatible wastes must be kept apart by at least a 10-foot distance, or by using a dike, berm, or wall

- Working fire extinguisher and sufficient spill absorbent materials must be kept within 50 feet of any hazardous waste storage area or in accordance with national laws/regulations, whichever is more strict.
- Ensure sufficient explosive prevention
- Functioning exhaust system with filters as needed

Secondary containment for liquid wastes:

- Construct with materials appropriate for the wastes being contained
- Wherever liquid wastes are stored in volumes greater than 220 liters.
- Secondary containment volume should be at least 110 percent of the largest storage container, or 25 percent of the total storage capacity (whichever is greater), in that specific location.

Containers:

- Use containers that do not leak and are chemically compatible with the waste collected.
- The container itself must be in good condition and closed when not actively being used.
- If a waste is highly flammable, it must be grounded.
- Each container should have a properly filled out HW label.
- Containers holding liquids should be placed on a surface impermeable to that particular waste.
- Provide enough aisle space for easy access and visible inspections.

Access and Inspections:

- Ensure authorized HW storage times and volumes are not exceeded.
- Access should be limited to those responsible for transporting and managing HW.
- Inspect the storage area(s) and containers on a weekly basis using the HW Weekly Inspection Checklist. These checklists must be kept for a period of three years.

Monitoring/Inspections

Monitoring activities associated with the management of hazardous and non-hazardous waste should include:

- Periodic **self-assessments** of waste segregation and collection practices
- Weekly or bi-weekly **visual inspections** of all waste **storage collection and storage areas** for evidence of accidental releases and to verify that wastes are properly labeled and stored. See Figure 26 and Figure 27 below.
- When significant quantities of hazardous wastes are generated and stored on site, monitoring activities should include:
 - Inspection of vessels for leaks, drips or other indications of loss
 - Identification of cracks, corrosion, or damage to tanks, protective equipment, or floors
 - Verification of locks, emergency valves, and other safety devices for easy operation (lubricating if required and employing the practice of keeping locks and safety equipment in standby position when the area is not occupied)
 - Checking the operability of emergency systems
 - Documenting results of testing for integrity, emissions, or monitoring stations (air, soil vapor, or groundwater)
 - Documenting any changes to the storage facility, and any significant changes in the quantity of materials in storage

E-WM-1.6 Emergency Spill Response

Spill response materials/equipment (e.g., granules, etc.) must be available in close proximity to containers of liquid wastes.

Suppliers must develop an emergency plan that includes procedures to be followed if there is a spill or other event that releases hazardous waste from its container.

If the Supplier has arrangements for qualified contractors to clean up hazardous waste spills, employees should have knowledge of what size spill they are allowed to clean up (e.g. one gallon or less if the waste is not

extremely hazardous) and how to contain larger spills until the spill response contractor can arrive on-site.

E-WM-1.7 Transportation and Manifests

Hazardous waste must be transported properly and the factory must maintain records and provide routine reports of waste generation and disposal activities, including required approvals and certifications for HW transfer.

On-site and off-site transportation of waste must be conducted so as to prevent or minimize spills, releases, and exposures to employees and the public. Hazardous wastes that are not packaged and transported safely may leak or spill and cause harm to factories, workers, communities, and the environment.¹⁴

- HW must be transported by an approved HW vendor company that has the proper license for transporting hazardous wastes. The factory must maintain copies of all HW vendor licenses to confirm their status (also checked under E-WM-1.2 above).
- All waste containers designated for off-site shipment should be secured and labeled with the contents and associated hazards, be properly loaded on the transport vehicles before leaving the site, and be accompanied by a shipping paper (i.e., manifest) that describes the load and its associated hazards.
- A manifest is a tracking document that must accompany each shipment of HW to show wastes have reached their proper destination. While the approved HW disposal vendor(s) must prepare manifests and provide them to the factory, the Supplier is responsible for the accuracy of each manifest and appropriateness of final destination. Manifests should include:
 - Supplier name and address
 - Name, address, and phone number of transporter and designated recycling/treatment/disposal facility
 - Description of each waste stream transported

¹⁴ Levi's <http://lscs.s3.amazonaws.com/wp-content/uploads/2014/01/LSCO-Sustainability-Guidebook-2013-December.pdf>

- Suppliers that transport hazardous wastes with their own vehicles (e.g. to another facility for storage) must follow procedures for safe transportation of hazardous wastes.

Documentation

Sample of relevant documentation that can be provided for review:

- 📁 Copies of vendor permits/licenses
- 📁 Shipping documents/manifests
- 📁 Instructions/procedures for loading and unloading hazardous waste/materials

Procedures for loading and unloading should include specific instructions to the transporter about on-site routes, parking, and delivery; practice drills for safe loading procedures; and sign-off and receipt procedures.

E-WM-1.8 Training

Suppliers must provide adequate training to all workers involved in waste management and related processes.

Employees who ship or receive hazardous waste or hazardous materials must be trained at least annually about hazards associated with these materials and be familiar with factory procedures. Employees who are responsible for cleaning or “containing” spills (e.g. placing absorbent materials around the spill to prevent it from flowing off the property or into nearby drains) must be trained on spill clean-up procedures, including how to protect themselves.

Training topics:¹⁵

- How to avoid personal injury when handling chemicals and wastes
- Waste container labeling
- Proper storage and handling procedures to prevent spills and releases
- Approved disposal methods for each waste type
- Waste loading procedures (if done by factory staff)
- How to complete a hazardous waste manifest or other shipping document

- Weekly hazardous waste inspection area procedure and checklist
- Spill response and clean-up

Written training records should be maintained showing that all staff responsible for shipping and receiving hazardous waste/materials:

- Have been properly identified and trained at least annually
- Understand the hazards associated with the materials they handle
- Are knowledgeable about legal and regulatory requirements that apply to shipping and receiving hazardous materials
- Understand company procedures for safely receiving hazardous materials into the factory and safely shipping hazardous waste away from the factory.

¹⁵ Levi's p.111

SOLID WASTE MANAGEMENT

*** Weekly Inspection Checklist ***

Inspection Date:		Time:	
Factory:		Location:	
Inspector Name:			

Inspection Item	Yes	No	Comments / Remarks
1) Have all relevant employees been trained for SOP? If any new employees in the process, have they been trained?	<input type="checkbox"/>	<input type="checkbox"/>	
2) Is each bag correctly labeled when filled?	<input type="checkbox"/>	<input type="checkbox"/>	
3) Does each bag of cutting waste contain the proper material type without mixing other wastes (such as spools, trash, tissues, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	
4) Does the label have a place to write the weight of the bag? (Note: The factory can determine where in this process the bag should be weighed.)	<input type="checkbox"/>	<input type="checkbox"/>	
5) When filled, are bags closed so that the contents do not spill out during storage or transport?	<input type="checkbox"/>	<input type="checkbox"/>	
6) At the waste storage area, are storage cells or bins clearly marked according to the material type being stored? Are storage cells or bins free from any signs of incorrect waste mixing?	<input type="checkbox"/>	<input type="checkbox"/>	
7) Within the waste storage area, are solid waste and HW separated well?	<input type="checkbox"/>	<input type="checkbox"/>	
8) Are waste storage containers appropriate for the waste being stored in them?	<input type="checkbox"/>	<input type="checkbox"/>	
9) Is the waste storage area free of debris and other materials?	<input type="checkbox"/>	<input type="checkbox"/>	
10) Is the waste storage area floor clean and dry?	<input type="checkbox"/>	<input type="checkbox"/>	
11) Are all bags weighed on a scale and recorded in the waste data sheet prior to disposal?	<input type="checkbox"/>	<input type="checkbox"/>	
12) Was this week's data sent to the CSR manager or other person responsible for reporting waste data to NB?	<input type="checkbox"/>	<input type="checkbox"/>	
13) Does the facility maintain all transportation records, i.e. manifests?	<input type="checkbox"/>	<input type="checkbox"/>	
Overall Inspection Suggestions:			

Figure 26 – Example weekly waste storage area inspection form

HAZARDOUS WASTE MANAGEMENT

*** Weekly Inspection Checklist ***

Inspection Date:		Time:	
Factory:		Location:	
Inspector Name:			

Inspection Item	Yes	No	Comments / Remarks
1) Is HW segregated and stored separately from solid waste?	<input type="checkbox"/>	<input type="checkbox"/>	
2) Is HW stored in an area protected from weather and with solid ground?	<input type="checkbox"/>	<input type="checkbox"/>	
3) Are the storage area and each container clearly labeled? Do labels include: <i>Generator Name and Address; Accumulation Start Date; Contents; Physical State; Hazardous Properties</i>	<input type="checkbox"/>	<input type="checkbox"/>	
4) Are all waste containers compatible with the waste being stored, and are they clearly marked with their contents?	<input type="checkbox"/>	<input type="checkbox"/>	
5) Are incompatible wastes safely separated by distance and/or barriers?	<input type="checkbox"/>	<input type="checkbox"/>	
6) Is there adequate aisle space? Is the area clean, dry, and free from debris and other clutter?	<input type="checkbox"/>	<input type="checkbox"/>	
7) For liquid waste, is there secondary containment?	<input type="checkbox"/>	<input type="checkbox"/>	
8) Are containers in good condition? (Free of dents, corrosion, not bulging, or otherwise deteriorating)	<input type="checkbox"/>	<input type="checkbox"/>	
9) Is the area free from spills or leaks? Are containers closed and container tops free of spillage?	<input type="checkbox"/>	<input type="checkbox"/>	
10) Are workers wearing PPE (gloves, masks, etc.) during HW collection, transport, and storage process?	<input type="checkbox"/>	<input type="checkbox"/>	
11) Are emergency procedures and other required signs posted, in the language of the workers, and easily seen?	<input type="checkbox"/>	<input type="checkbox"/>	
12) Are spill response materials available in close proximity?	<input type="checkbox"/>	<input type="checkbox"/>	
13) Are hazardous wastes only kept on site within the allowed time and within the allowed volumes?	<input type="checkbox"/>	<input type="checkbox"/>	
14) Does the facility maintain all transportation records?	<input type="checkbox"/>	<input type="checkbox"/>	
15) Is the HW weighed and recorded on the data sheet? And has this week's data been sent to the CSR manager or other person responsible for waste reporting to the brand?	<input type="checkbox"/>	<input type="checkbox"/>	
Overall Inspection Suggestions:			

Figure 27 – Example of weekly HW inspection form

Waste Management
Hazardous Materials and Waste Management

EMERGENCY PROCEDURES

Post near telephones and as appropriate

In case of a fire, spill, or other emergency involving hazardous chemicals or wastes, do the following:

MAJOR EMERGENCY

- ☒ Evacuate the affected areas per the facility Evacuation Plan
- ☒ Call _____ and report the emergency
- ☒ Report the emergency to the Facility Emergency Coordinator

MINOR EMERGENCY

- ☒ Try to control the emergency if you are trained to do so and can do it safely
- ☒ Report the emergency to the Facility Emergency Coordinator

Facility Emergency Coordinators

	Name	Work Phone	24-Hour Phone
Primary EC			
1 st Alternate EC			
2 nd Alternate EC			
3 rd Alternate EC			

Emergency Agencies

Agency	Phone number
Fire Dept., Ambulance, Police	
Spill Response Contractor (if applicable)	
Local Government Agencies	

Emergency Equipment

Locations of fire extinguishers, fire alarms (if any), and equipment for controlling chemical spills are shown on the facility site plan posted with this notice.
 This document is only a summary of emergency procedures. Refer to this facility's written emergency response plan for detailed procedures.

Figure 28 – Example HW emergency management plan poster

Air Emissions (AIR)

Emissions to air from a manufacturing site typically include **point source emissions** (those discharged into the air from a single point such as a stack/chimney, vent, etc.) and various **fugitive emissions** (those that are not discharged from a stack/chimney/vent), including emissions arising from open tanks, transportation and handling of dusty materials, and solvent applications. Emissions can be generated from the factory's main activities (i.e. related to the process) and from supporting activities and equipment (i.e. boilers, generators, cooling towers etc.).

All emissions can contain a number of potential pollutants, which can be damaging to the environment and human health. Some of these pollutants can lead to an increase in ozone in the lower levels of the atmosphere, which can lead to poor air quality and smog. The level of pollutants being emitted will govern if/how the emissions need to be managed, permitted, monitored, treated, and discharged.¹⁶

The primary air emissions from a facility should be listed in the Environmental Impact Assessment (EIA). Suppliers should periodically update the EIA if/when newly added processes with different emissions are introduced to the facility.

Table 10 – Common Air Emissions

The following is a list of common air emissions:
<ul style="list-style-type: none"> • Volatile organic compounds (“VOCs”) • Aerosol mist • Corrosive vapors • Dust/particulates (PM 0.5, PM 2.5, and PM 10) • Combustion by-products • Various oxides of nitrogen (“NOx”) • Various oxides of sulphur (“SOx”) • Other chemical compounds • Biological content (e.g. Legionella bacteria) • Water vapor / steam • Ozone Depleting Substances (ODS)

Ozone Depleting Substances (ODS):

ODS are substances that damage and reduce the ozone layer in the Earth's upper atmosphere. The upper ozone layer absorbs the majority of the sun's ultraviolet light. Less protection from the ozone layer and more exposure to ultraviolet light could negatively impact human health, the environment, and agricultural productivity (as it can cause crop damage).

Examples of ODS include: chlorofluorocarbons (CFCs); halons; 1,1,1-trichloroethane (methyl chloroform); hydrochlorofluorocarbons (HCFCs); hydrobromofluorocarbons (HBFCs); and methyl bromide.

ODS are commonly used as:

- Refrigeration (CFCs and HCFCs)
- Air conditioning (CFCs and HCFCs)
- Fire protection systems (halons and HBFCs)
- Solvent cleaning applications (CFCs, HCFCs, methyl chloroform, and carbon tetrachloride)
- Aerosol propellants (CFCs)

¹⁶ GSCP Implementation Guideline p27

- Manufacturing foam products (CFCs)
- Pesticides and crop fumigants (methyl bromide)

Note: Some of these ODS applications—such as solvents and cleaners—are prohibited by the New Balance RSL. Refer to the RSL Manual and the HS Module of this Standard for more information on those restrictions.

There are two Basic requirements in the Air Emissions section.

Air Emissions Requirements (AIR)	
E-AIR-1.1	Air Emissions Inventory
E-AIR-1.2	Pollution Controls/Treatment

Quick Summary:	
<i>Where Should You Start with General Emissions to Air?</i> ¹⁷	<i>Where Should You Start with ODS?</i>
<ol style="list-style-type: none"> 1. Understand the emissions to air that you generate (where they are, and which types of contaminants they contain (e.g. chemicals, metals, heat, etc.). 2. Look at what controls are already in place to reduce emissions to air; review what equipment is used on-site to control emissions to air (e.g. bag filters, wet scrubber, solvent recovery unit etc.) and who is responsible for maintaining/ servicing the equipment. 3. Consider options for additional controls / new equipment that might help to reduce emissions to air. 	<ol style="list-style-type: none"> 1. Review what equipment or processes on-site may contain or use ODS (e.g. chillers, refrigeration/freezer units, air conditioning units, fire suppression equipment / fire extinguishers) 2. Confirm the type and quantity of ODS contained in the equipment or used in processes 3. Identify who is responsible for maintaining/ servicing equipment containing ODS 4. Confirm the phase-out dates for the ODS you are using on-site – these should be the priority for the facility to understand what is required to replace these with newer substances before the phase-out date

¹⁷ GCSP Implementation Guideline p.27

E-AIR-1.1 Air Emissions Inventory

Suppliers must identify all point source emissions (stacks, roof vents, and exhaust points) and potential fugitive source emissions (emitted through general building ventilation), including equipment that has the potential to contain ozone-depleting substances (ODS) (e.g. chillers, air conditioning units, etc.).

An inventory of emissions to air is a detailed list of emissions and their sources. When preparing an inventory of emissions to air, Suppliers should include emissions from all processes, ancillary activities and equipment, during routine and non-routine operations. This inventory must be regularly reviewed to make sure it is up-to-date.

The following information should be included in the inventory for each emission source:

- pollutant
- quantity emitted (if known or estimated)
- location of the stack, vent, etc., or indicate that it is fugitive emissions
- any control devices (e.g. abatement equipment) installed
- person responsible for maintaining the control equipment
- frequency of monitoring the emission
- whether the particular emission is legally regulated

For air emissions that might prove dangerous for the personnel at the site, Supplier should keep information easily accessible on how to deal with them and their effects in any emergency situations.

ODS

Several chemicals are classified as ozone depleting substances (ODSs) and are scheduled for phase-out under the Montreal Protocol on Substances that Deplete the Ozone Layer. **No new systems should be installed using CFCs, halons, 1,1,1-trichloroethane, carbon tetrachloride, methyl bromide or HBFCs.** HCFCs should only be considered as interim / bridging alternatives as determined by the host country commitments and regulations. Additional information is available through

the Montreal Protocol Secretariat web site available at: <http://ozone.unep.org>.

An inventory of ODS is a detailed list of the ozone depleting substances on site and the equipment in which they are present or the processes in which they are used.

Suppliers should include the following when preparing an ODS inventory:

- all equipment containing more than 0.5 lb. of ODS
- type and name of the ODS
- use (e.g. refrigerant, process use, etc.)
- quantities present
- frequency of leak detection (if required)
-

Emission Point and Reference Number		Pollutant/ Emission Type / Parameter	Source / Equipment	Emission Limit (and units)	Monitoring Frequency	
Examples only						
Stack #1		Particulates	Boiler	10mg/Nm ³	Annual	
Process Vent #A22		Sulphur dioxide	Process Vessel 22	25,000mg/Nm ³	Hourly mean	
ODS-containing Equipment	Location	Ozone- Depleting Substance in Unit	Quantity of ODS in equipment	Phase-out dates for use of ODS?	Servicing / maintenance frequency of Equipment	
Example only						
Air Conditioning Unit, Serial Number xxxx	Main office building	R22	4.5kg	31/12/2014	Annual	

Figure 29 – Sample Air Emissions Source Inventory (Source: GSCP p.31)

E-AIR-1.2 Pollution Control/Treatment

Suppliers must employ air pollution control devices in order to conform to applicable air permit, regulatory approval conditions, and applicable emission standards. Each individual air emission must be adequately treated prior to its discharge to ensure compliance with standards/limits.

Emission Limits

Suppliers with significant sources of air emissions and potential for significant impacts to ambient air quality should prevent or minimize impacts by ensuring that emissions do not result in pollutant concentrations exceeding relevant air quality guidelines and standards according to national or local legislated standards.

Where no regulatory limits are available, refer to **IFCs Environmental Guideline** and/or the WHO Air Quality Guideline Global Update, available below and at:

- http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguide+lines
- www.who.int/en

Point Source Emissions Controls

Point sources are discrete, stationary, identifiable sources of emissions that release pollutants into the atmosphere. Within a given point source (such a factory or workshop), there may be several “emission points” that comprise the

point source. Emissions points refer to individual stacks, vents, or other points of release.

Point sources are typically associated with release of air pollutants from combustion of fossil fuels and industrial activities.

Devices that prevent or control air pollution from point sources may be necessary depending on the type and size of operations. Typical examples include:

- Oxidizers
- Scrubbers
- Electrostatic precipitators
- Carbon filters for exhaust systems carrying VOCs (solvents)
- Dust filters for exhaust systems from dusty areas, e.g. knitting departments; outsole grinding or buffing in shoe factories
- Filters for larger burners, i.e. for steam generators or heating systems

Note: The EIA should prescribe any air emission controls needed. Suppliers should ensure that the air emission controls devices in place are the same as those prescribed in the EIA.

Boiler Controls Example

Emissions from gas-fired boilers include:

- Nitrogen oxides (NO_x)
- Carbon monoxide (CO)
- Carbon dioxide (CO₂)
- Methane (CH₄) – mostly from start-up and shut-down during low temp incomplete combustion
- Nitrous oxide (N₂O)
- VOCs
- Sulfur dioxide (SO₂) – typically low depending on quality of natural gas
- Particulate matter (PM) – typically low

Emissions will vary depending on the type and size of the combustor and with operating conditions (combustion air temp., load, excess oxygen levels, etc.).

Air pollution controls related to combustion processes can be organized generally into three categories, depending on which stage in the combustion process they are applied:

- pre-combustion controls
- combustion controls
- post-combustion controls

Table 11 and Table 12 provide a summary of control options for NO_x, SO₂, and PM.

More information can be found in the "Guide to Low-Emission Boiler and Combustion Equipment Selection," which was written in 2002 by Oak Ridge National Lab (ORNL) with sponsorship from U.S. Department of Energy (DOE), Office of Industrial Technologies (OIT). Chapter 5 describes various techniques that may be applied to reduce emissions; Chapter 6 summarizes emission control options for fourteen (14) of the most popular boiler and fuel combinations, covering combustion of coal, fuel oil, natural gas, biomass, and RDF in watertube and firetube boilers.¹⁸

VOCs and carbon monoxide (CO) are typically best controlled through burner tuning and maintaining proper air-to-fuel mixtures, which might involve oxygen control packages on boilers. VOCs can be minimized with higher combustion temps, longer residence times, and turbulent mixing of fuel and combustion air.

¹⁸

http://www.energy.gov/sites/prod/files/2014/05/f15/guide_low_emission.pdf

Table 11 – ORNL Guide

Emission	Pre-Combustion Controls	Combustion Controls	Post-Combustion Controls
Nitrogen oxide (NO_x)	Switch to fuel with a low nitrogen content	<p>Operational modifications:</p> <ul style="list-style-type: none"> . oxygen trim (OT) . burner tuning (BT) . low excess air (LEA) <p>Staged combustion air (SCA):</p> <ul style="list-style-type: none"> . burners out of service (BOOS) . biased firing (BF) . overfire air (OFA) <p>Steam or water injection (SI/WI)</p> <p>Flue gas recirculation (FGR)</p> <p>Fuel-induced recirculation (FIR)</p> <p>Low-NO_x burner (LNB)</p> <p>Ultra low-NO_x burner (ULNB)</p> <p>Natural gas reburning (NGR)</p> <p>Reducing air preheat (RAP)</p>	<p>Selective catalytic reduction (SCR)</p> <p>Selective noncatalytic reduction (SNCR)</p> <p>(Ammonia and urea injected into flue gas)</p>
Sulfur dioxide (SO₂)	<p>Switch to fuel with a low-sulfur content</p> <p>Perform beneficiation</p>	<p>For fluidized-bed combustion (FBC)</p> <p>boilers, use limestone or dolomite as a sulfur-capture sorbent</p>	<p>Flue gas desulfurization (FGD):</p> <ul style="list-style-type: none"> . non-regenerative techniques . regenerative techniques <p>Better dispersion with taller stack</p>
Particulate Matter (PM)	<p>Switch to fuel with a low-ash content</p> <p>Perform beneficiation</p>	<p>Make operational modifications to reduce unburned carbon</p>	<p>Wet scrubber</p> <p>Electrostatic precipitator (ESP)</p> <p>Fabric filter (baghouse)</p>

Table 12 – IFC GIIP for point source controls

Principal Sources and Issues	General Prevention / Process Modification Approach	Control Options	Reduction Efficiency (%)	Gas Condition	Comments
Particulate Matter (PM)					
Main sources are the combustion of fossil fuels and numerous manufacturing processes that collect PM through air extraction and ventilation systems. Volcanoes, ocean spray, forest fires and blowing dust (most prevalent in dry and semiarid climates) contribute to background levels.	Fuel switching (e.g. selection of lower sulfur fuels) or reducing the amount of fine particulates added to a process.	Fabric Filters	99 - 99.7%	Dry gas, temp <400F	Applicability depends on flue gas properties including temperature, chemical properties, abrasion and load. Typical air to cloth ratio range of 2.0 to 3.5 cfm/ft². Achievable outlet concentrations of 23 mg/Nm³
		Electrostatic Precipitator (ESP)	97 – 99%	Varies depending of particle type	Precondition gas to remove large particles. Efficiency dependent on resistivity of particle. Achievable outlet concentration of 23 mg/Nm³
		Cyclone	74 – 95%	None	Most efficient for large particles. Achievable outlet concentrations of 30 - 40 mg/Nm³
		Wet Scrubber	93 – 95%	None	Wet sludge may be a disposal problem depending on local infrastructure. Achievable outlet concentrations of 30 - 40 mg/Nm3
Sulfur Dioxide (SO₂)					
Mainly produced by the combustion of fuels such as oil and coal and as a by-product from some chemical production or wastewater treatment processes.	Control system selection is heavily dependent on the inlet concentration. For SO₂ concentrations in excess of 10%, the stream is passed through an acid plant not only to lower the SO₂ emissions but also to generate high grade sulfur for sale. Levels below 10% are not rich enough for this process and should therefore utilize absorption or 'scrubbing,' where SO₂ molecules are captured into a liquid phase or adsorption, where SO₂ molecules are captured on the surface of a solid adsorbent.	Fuel Switching	>90%		Alternate fuels may include low sulfur coal, light diesel or natural gas with consequent reduction in particulate emissions related to sulfur in the fuel. Fuel cleaning or beneficiation of fuels prior to combustion is another viable option but may have economic consequences.
		Sorbent Injection	30% - 70%		Calcium or lime is injected into the flue gas and the SO₂ is adsorbed onto the sorbent
		Dry Flue Gas Desulfurization	70%-90%		Can be regenerable or throwaway.
		Wet Flue Gas Desulfurization	>90%		Produces gypsum as a by-product

Oxides of Nitrogen (NO _x)		Percent Reduction by Fuel Type			Comments
Associated with combustion of fuel. May occur in several forms of nitrogen oxide, namely nitric oxide (NO), nitrogen dioxide (NO ₂) and nitrous oxide (N ₂ O), which is also a greenhouse gas. The term NO _x serves as a composite between NO and NO ₂ and emissions are usually reported as NO _x . Here the NO is multiplied by the ratio of molecular weights of NO ₂ to NO and added to the NO ₂ emissions. Means of reducing NO _x emissions are based on the modification of operating conditions such as minimizing the resident time at peak temperatures, reducing the peak temperatures by increasing heat transfer rates or minimizing the availability of oxygen.	Combustion modification (illustrative of boilers)	Coal	Oil	Gas	These modifications are capable of reducing NO _x emissions by 50 to 95%. The method of combustion control used depends on the type of boiler and the method of firing fuel.
	Low-excess-air firing	10-30	10-30	10-30	
	Staged Combustion	20-50	20-50	20-50	
	Flue Gas Recirculation	N/A	20-50	20-50	
	Water/Steam Injection	N/A	10-50	N/A	
	Low-NO _x Burners	30-40	30-40	30-40	
	Flue Gas Treatment	Coal	Oil	Gas	Flue gas treatment is more effective in reducing NO _x emissions than are combustion controls. Techniques can be classified as SCR, SNCR, and adsorption. SCR involves the injection of ammonia as a reducing agent to convert NO _x to nitrogen in the presence of a catalyst in a converter upstream of the air heater. Generally, some ammonia slips through and is part of the emissions. SNCR also involves the injection of ammonia or urea based products without the presence of a catalyst.
	Selective Catalytic Reduction (SCR)	60-90	60-90	60-90	
	Selective Non-Catalytic Reduction (SNCR)	N/A	30-70	30-70	

Note: Compiled by IFC based on inputs from technical experts.

Small Combustion

“Small combustion” processes are defined as systems designed to deliver electrical or mechanical power, steam, heat, or any combination of these, regardless of the fuel type, with a total, rated heat input capacity of between 3 Megawatt thermal (MWth) and 50MWth.

The emissions guidelines below are applicable to small combustion process installations operating more than 500 hours per year, and those with an annual capacity utilization of more than 30%.

Plants firing a mixture of fuels should compare emissions performance with these guidelines based on the sum of the relative contribution of each applied fuel.

Lower emission values may apply if the facility is located in an ecologically sensitive airshed, or airshed with poor air quality, in order to address potential cumulative impacts from the installation of more than one small combustion plant as part of a distributed generation project.

Table 13 – IFC Small Combustion Emissions Guidelines

Table 1.1.2 - Small Combustion Facilities Emissions Guidelines (3MWth – 50MWth) – (in mg/Nm ³ or as indicated)				
Combustion Technology / Fuel Engine	Particulate Matter (PM)	Sulfur Dioxide (SO ₂)	Nitrogen Oxides (NO _x)	Dry Gas, Excess O ₂ Content (%)
Gas	N/A	N/A	200 (Spark Ignition) 400 (Dual Fuel) 1,600 (Compression Ignition)	15
Liquid	50 or up to 100 if justified by project specific considerations (e.g. Economic feasibility of using lower ash content fuel, or adding secondary treatment to meet 50, and available environmental capacity of the site)	1.5 percent Sulfur or up to 3.0 percent Sulfur if justified by project specific considerations (e.g. Economic feasibility of using lower S content fuel, or adding secondary treatment to meet levels of using 1.5 percent Sulfur, and available environmental capacity of the site)	If bore size diameter [mm] < 400: 1460 (or up to 1,600 if justified to maintain high energy efficiency.) If bore size diameter [mm] > or = 400: 1,850	15
Turbine				
Natural Gas =3MWth to < 15MWth	N/A	N/A	42 ppm (Electric generation) 100 ppm (Mechanical drive)	15
Natural Gas =15MWth to < 50MWth	N/A	N/A	25 ppm	15
Fuels other than Natural Gas =3MWth to < 15MWth	N/A	0.5 percent Sulfur or lower percent Sulfur (e.g. 0.2 percent Sulfur) if commercially available without significant excess fuel cost	96 ppm (Electric generation) 150 ppm (Mechanical drive)	15
Fuels other than Natural Gas =15MWth to < 50MWth	N/A	0.5% S or lower % S (0.2%S) if commercially available without significant excess fuel cost	74 ppm	15
Boiler				
Gas	N/A	N/A	320	3
Liquid	50 or up to 150 if justified by environmental assessment	2000	460	3
Solid	50 or up to 150 if justified by environmental assessment	2000	650	6

Notes: -N/A- no emissions guideline; Higher performance levels than these in the Table should be applicable to facilities located in urban / industrial areas with degraded airsheds or close to ecologically sensitive areas where more stringent emissions controls may be needed.; MWth is heat input on HHV basis; Solid fuels include biomass; Nm³ is at one atmosphere pressure, 0°C.; MWth category is to apply to the entire facility consisting of multiple units that are reasonably considered to be emitted from a common stack except for NO_x and PM limits for turbines and boilers. Guidelines values apply to facilities operating more than 500 hours per year with an annual capacity utilization factor of more than 30 percent.

Point Source Stack Height

Facilities must never discharge contaminated air close to (or at the same level as) a heating, ventilation, or air conditioning vent or an open area where exhausted fumed might be drawn back into the building through a make-up air unit, by fans, etc.

Where available, suppliers should refer to local regulations regarding chimney/stack height design and height.

A general rule of thumb is that stack height should be **at least 10 feet above the roofline**.

The exact details of specifying stack height are complex and should account for many factors. The stack height for all emission points, whether ‘significant’ or not, should be designed according to Good International Industrial Practice (GIIP) to avoid excessive ground level concentrations due to downwash, wakes, and eddy effects, and to ensure reasonable diffusion to minimize impacts.

For facilities where there are multiple sources of emissions, stack heights should be established with due consideration to emissions from all other facility sources, both point and fugitive.

Non-significant sources of emissions, including small combustion sources (those with a total rated heat input capacity of 50MWth or less), should also use GIIP in stack design.

GIIP stack height is based on United States 40 CFR, part 51.100 (ii):

$$HG = H + 1.5L$$

Where

HG = Stack height measured from the ground level elevation at the base of the stack

H = Height of nearby structure(s) above the base of the stack

L = Lesser dimension, height (h) or width (w), of nearby structures

“Nearby structures” = Structures within/touching a radius of 5L but less than 800 m

Note: Local extraction of vapors where solvent-based chemicals are or are likely to be used is an NB Health & Safety requirement.

- Collection of vapors through air extractors and subsequent treatment with destructive control devices such as:
 - Catalytic Incinerators: Used to reduce VOCs from process exhaust gases exiting paint spray booths, ovens, and other process operations
 - Thermal Incinerators: Used to control VOC levels in a gas stream by passing the stream through a combustion chamber where the VOCs are burned in air at temperatures between 700° C to 1,300° C
 - Enclosed Oxidizing Flares: Used to convert VOCs into CO₂ and H₂O by way of direct combustion

Device Maintenance

The Supplier should regularly assess the working conditions and be able to provide maintenance records for all air pollution management facilities and equipment. Suppliers should perform regular checks on the quality of discharged air to ensure that all equipment is working properly (this is also a separate Improver requirement in the following section of the Manual). The records from these checks and maintenance activities should be kept for a minimum of two years.

Filters, for example, must be replaced according to manufacturer guidelines. Filter replacements must be documented to show that they actually take place. Suppliers should keep maintenance records and maintain purchase records to confirm new filters are being purchased.

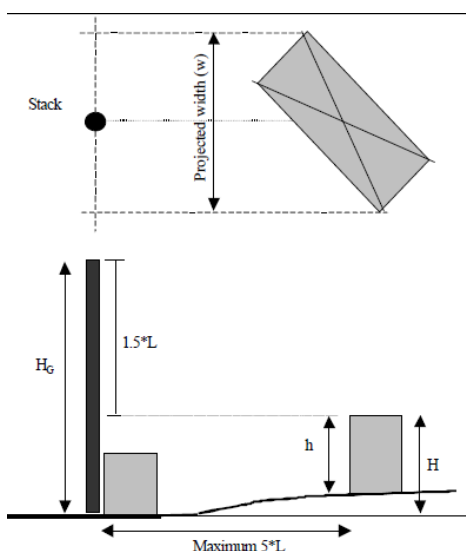


Figure 30 – Stack height calculation diagram

Fugitive Emission Controls

Fugitive source air emissions refer to emissions that are distributed over a wide area and not confined to a specific discharge point. They originate in operations where exhausts are not captured and passed through a stack. Fugitive emissions have the potential for much greater ground-level impacts per unit than stationary source emissions, since they are discharged and dispersed close to the ground.

The two main types of fugitive emissions are:

1. Volatile Organic Compounds (VOCs)
2. Particulate Matter (PM)

Suppliers with potentially significant fugitive sources of emissions should establish ambient quality assessment and monitoring practices.

For VOC emissions associated with handling of chemicals in open containers and mixing processes, the recommended prevention and control techniques include:

- Substitution of less volatile substances, such as water-based solvents, wherever possible
- Collection of vapors through air extractors and subsequent treatment of gas stream by removing VOCs with control devices such as condensers or activated carbon absorption