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Originator: Scott Gardner	Release Date: 9/7/25	San Antonio, TX	

## Human Rights Policy and Guidelines for Suppliers

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### Purpose

This Policy establishes the requirements for upholding labor standards and human rights throughout the Carbonfree supply chain. It reflects Carbonfree's commitment to ensuring that all workers are treated with dignity, respect, and fairness, and that human rights risks are identified, prevented, and addressed.

The Policy is aligned with the International Labour Organization (ILO) Core Conventions and the United Nations Guiding Principles on Business and Human Rights. It sets clear expectations for suppliers to protect workers' rights and uphold responsible business practices.

### Scope

This Policy applies to all Suppliers and contractors engaging with Carbonfree.

### Definitions

- “Human Rights” are fundamental rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status.
- “Forced Labor” is work performed involuntarily, including bonded labor, indentured labor, or any form of human trafficking where individuals are coerced through debt or threats.
- “Child Labor” is the employment of workers below the legal age for employment (or 15, whichever is higher), or any work that deprives children of their childhood, potential, and dignity.
- “Living Wage” is a wage sufficient to meet basic living expenses (food, housing,

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healthcare, transportation) for an employee and their family in the specific geography where they operate.

- “Discrimination” is unfair or prejudicial treatment of individuals based on characteristics such as race, gender, religion, age, sexual orientation, or disability.
- “Abusive Conduct / Bullying” is the conduct of an employer or employee in the workplace, with malice, that a reasonable person would find hostile, offensive, and unrelated to an employer’s legitimate business interests.

## Responsibilities

- “Director of Procurement/Purchasing” is responsible for implementing and ensuring compliance with this policy across the supply chain, ensuring that all suppliers adhere to applicable local and federal laws.
- “Suppliers” are responsible for enforcing these policies within their own operations and supply chains, maintaining accurate records, and providing necessary training to their workers.
- “Employees” must adhere to all protocols regarding respectful conduct and report any perceived violations.

## Policy Statements & Objectives

### General Policy Statement

Carbonfree respects human rights and is committed to preventing, identifying, and addressing any actual or potential adverse human rights impacts throughout its operations and supply chain. We expect our suppliers to uphold these same standards by respecting internationally recognized human rights, complying with applicable labor laws, and implementing practices that promote fair treatment, dignity, and safe working conditions for all workers.

### Human Rights Standards and Guidelines

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Carbonfree implements rigorous sub-policies to address specific labor rights:

- **“Child Labor”:** CarbonFree requires all suppliers to strictly prohibit the use of child labor in their operations and supply chains. Suppliers must not employ anyone under the age of 15 or below the age of completion of compulsory education, whichever is higher. They must implement robust age-verification systems, maintain accurate documentation, and comply with all applicable laws governing the employment of young or juvenile workers (ages 15–17). Juvenile workers must not engage in hazardous work or any task that may compromise their health, safety, or moral development. If student or vocational workers are employed, suppliers must ensure proper oversight, maintain educational records, and provide necessary training and support. Where required, government permits and parental consent must be obtained and kept on-site. In the event of a child labor violation, suppliers must immediately implement a remediation plan that includes removing the underage worker from harmful conditions, supporting their return to education, and covering related expenses.
- **“Forced Labor”:** Suppliers must strictly prohibit all forms of forced labor, human trafficking, involuntary labor, and child labor within their operations and supply chains. The minimum age for employment shall be no less than 15 years or the legal minimum age or compulsory education age applicable in the country of operation, whichever is higher.

Employment must be freely chosen. Workers shall have the right to leave employment without penalty and must always retain control over their personal documents and wages. Practices such as debt bondage, wage withholding, restrictions on freedom of movement, compulsory overtime, or mandatory residence on-site are strictly prohibited.

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Suppliers are required to implement robust age-verification procedures and maintain accurate employment records to ensure compliance with applicable laws and protections for young workers.

### **Freedom in Employment**

- Suppliers must ensure the workers' right to commence or conclude their employment freely.
- Employment terms must be voluntarily and mutually agreed upon.
- Suppliers, employment agencies, or intermediaries' employment terms must:
  - Not hold wages already earned; or
  - Not use earned back wages as penalties and
  - In no manner should workers be penalized for ending their employment.
  - Suppliers must ensure that their workers' contracts and offer letters indicate employment conditions in the language their workers understand.

### **Debt / Bonded Labor**

Suppliers, along with employment agencies or intermediaries, must not request workers to remain employed as a requirement for settling a debt. This situation includes extending personal loans to workers or job seekers where the repayment terms might be interpreted as leading to debt bondage or forced labor. Such practices are expressly prohibited.

### **Freedom of Movement**

- Suppliers must ensure workers have free egress from their facilities, even if the entrances are locked for security reasons.
- Suppliers must not impose terms restricting workers' freedom of movement or free transit.
- Suppliers will not restrict workers' freedom of movement inside the production area or other facilities, including access to drinking water, except,

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when necessary, actions need to be taken to protect workers' safety and permitted by Applicable Laws and Regulations.

- Suppliers will not restrict workers' access to bathrooms regarding the time or frequency of bathroom breaks, the number of workers going to the bathroom at any time, or non-payment of wages during bathroom breaks.

### **Threat of Penalty**

Suppliers will not use employment agencies that restrict their workers' ability to terminate employment or freedom of movement or create a threat of penalty. Some examples of this include, but are not limited to:

- The threat of physical or mental coercion.
- Requesting deposits.
- Imposing financial penalties.
- Requesting workers to pay recruitment or employment fees.
- Providing precarious employment.

### **Personal Identification and Other Documents**

Suppliers' workers must maintain possession of their passports, identity documentation, travel documents, work permits, and other personal legal documents.

Suppliers shall not require workers to surrender their original identity documents, withhold workers' original identity documents, or restrict workers' access to original identity documents for any reason. Suppliers will obtain and retain simple copies of their workers' original identity documents.

Suppliers may request (but may not demand or require) their workers' original identity documents to obtain visa renewals or satisfy other work permit-related requirements for such workers.

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### **Storage for Workers' Documents**

Suppliers will not withhold any personal documents of their workers for any reason or restrict their workers' access to them.

### **Employment Fees**

Suppliers are solely responsible for covering fees and other expenses related to their workers' employment, including those classified as migrant, contingent, contract, or temporary workers.

- **“Health and Safety”:** Suppliers should ensure safe and healthy working conditions for all workers involved in their operations. Suppliers should ensure the proactive identification, assessment, and mitigation of workplace hazards; the implementation of robust health and safety protocols; and adherence to all applicable occupational health and safety laws and regulations. Suppliers should ensure they provide ongoing training to employees on safety procedures, emergency preparedness, and the proper use of equipment and personal protective gear.
- **“Working Conditions”:** Suppliers should ensure fair, legal, and transparent working conditions across all operations. Suppliers should ensure that they pay at least the legal or prevailing industry minimum wage, whichever is higher on time and in whole, for all worker categories, including trial, apprenticeship, temporary, and contingent roles. Suppliers should ensure that overtime is compensated at the legally required premium rates, and that all wage deductions comply with legal standards.

### **Compliance with Law**

Suppliers must adhere to all national laws, regulations, and procedures governing compensation payments to workers

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### **Minimum Wage**

Suppliers must compensate workers with at least the legal minimum wage for regular working hours (excluding overtime) and inform them about the minimum wage.

### **Wages- Trial Period Status**

Where onboarding or introductory employment periods are legally allowed, workers shall:

- Receive compensation of at least the minimum or prevailing industry wage, whichever is higher.
- Receive all legally mandated benefits.
- This employment category shall be at most three months.

### **Wage - Apprenticeship or Vocational Training**

During their training period, apprentices and vocational trainees must be compensated with at least the minimum or prevailing industry wage, whichever is higher, and must receive all legally mandated benefits.

### **Wage - Contract, Contingent or Temporary Workers**

Contract, contingent, migrant, and temporary workers must be paid at least the minimum or prevailing industry wage, whichever is higher. They are entitled to receive all legally mandated benefits. Additionally, their compensation should be comparable to that of regular workers who perform similar job responsibilities or tasks with similar levels of experience.

### **Timely and Direct Payment of Wages**

All wages, including overtime payments, must be paid promptly and in full within

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legally specified timeframes. Where no specific time limits are defined by law, compensation should be disbursed at least once monthly.

### **Accurate Calculation and Payment of Wage**

Workers' hourly wages, piecework rates, benefits, and other incentives must be accurately calculated, recorded, and disbursed under established procedures. All financial transactions related to employee compensation must be conducted transparently and in compliance with legal requirements.

### **Accurate Length of Service Calculation**

Suppliers shall recognize and count all hour's employees work when calculating their length of service and determining the benefits to which they are entitled.

### **Overtime Payments Calculation**

Suppliers shall compensate workers accurately for all hours worked.

- Suppliers must comply with all relevant laws, regulations, and procedures regarding paying premium rates for work on holidays, rest days, and overtime.
- Suppliers shall compensate employees for all overtime hours at the premium rate legally required in the producing country.

### **Overtime Wage Awareness**

In their respective languages, workers shall be notified verbally and in writing about the wage rates for overtime work.

### **Deposit of Legally Mandated Deductions**

All required deductions for taxes, social insurance, and other purposes shall be deposited or transmitted to the designated accounts or agencies each pay period. This includes any legal garnishments for back taxes and other obligations.

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### **Voluntary Wage Deductions**

Voluntary wage deductions must comply with legal limits and conditions and can only be made with the express written consent of individual workers. This includes deductions for savings clubs, loan payments, union membership dues, or other union fees unless specified in valid collective bargaining agreements.

### **Pay Statement**

Suppliers shall provide workers with a pay statement in the workers' language for each pay period and not less frequently than once a month. The statement shall show earned wages, wage calculations, total hours worked, regular and overtime pay bonuses, all deductions, and the final salary.

- All compensation records, including wages and fringe benefits, whether in cash or in-kind, must be documented appropriately, and the relevant worker must confirm receipt and accuracy in writing (e.g., by signature or fingerprint).
- Only wages may be collected on a worker's behalf if the worker has freely provided written authorization for another person to do so.

### **Worker's Awareness of Compensation**

Suppliers must take all necessary steps to ensure workers fully comprehend their compensation details, including the calculation methods for incentives, benefits, and bonuses in the workplace and as mandated by law.

- Employer-Provided Benefits:
- All workers have the right to use or not to use employer services, such as housing or meals.
- Legally Mandated Benefits
- Suppliers must deliver all legally mandated benefits to eligible workers, such as holidays, bonuses, leave, severance payments, and other compensations, within the timeframes specified by law.

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- **“Harassment & Abuse”:** CarbonFree treats each employee with dignity and respect. It does not use corporal punishment, threats, or other forms of unlawful, physical, sexual, psychological, or verbal harassment, abuse, or coercion, whether mental or physical. As such, it expects its suppliers to do the same and to implement a non-retaliation policy that allows workers to express their concerns freely.

### **Discipline**

- Suppliers must uphold disciplinary rules, procedures, and practices embodying a Progressive Discipline system.
- Discipline / Monetary Fines and Penalties: Suppliers must not use monetary fines and penalties to enforce labor discipline, such as poor performance, lost or broken tools or machinery, or violations of company rules, regulations, and policies.
- Discipline / Access to Facilities: Access to food, water, toilets, medical care, health clinics, or other necessities shall not be used as a reward or a means to maintain labor discipline.
- Discipline / Physical Abuse: To maintain labor discipline, Suppliers must not allow workers to threaten and/or use any form of physical violence.
- Discipline / Psychological Abuse: Suppliers must not use Psychological Harassment, Humiliation, or intimidating verbal or nonverbal behavior, including throwing objects.
- Suppliers must not threaten or use psychological abuse to maintain labor discipline.
- Discipline / Freedom of Movement: Suppliers must uphold workers' freedom of movement, including access to cafeteria facilities, breaks, toilets, drinking water, and necessary medical attention without restrictions that could impact labor discipline.
- Suppliers must not impose unreasonable restrictions on the' movement, entry, or exit of company-provided facilities.

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### **Elimination of Violence, Harassment, and Abuse at the Workplace**

Suppliers must ensure that the workplace is free from violence, harassment, or abuse in any form, physical, psychological, sexual, or verbal.

- Suppliers must evaluate specific risks of harassment and abuse in the workplace, including gender—or race-based violence. These risks include those associated with working conditions, labor arrangements, work organization, and third-party intermediaries, such as recruitment agencies, contractors, or other entities.
- Suppliers must implement procedures to eliminate the risk of violence, harassment, and abuse in the workplace.
- Suppliers must take preventive actions to eliminate any action (by the employer, between employees, or by third parties whose work relates to the workplace) that would result in gender—or race-based violence or harassment.

### **Sexual Harassment**

Suppliers must require their top management, supervisors, and, in general, all employees to refrain from:

- Any act of sexual harassment, including inappropriate remarks, insults, jokes, insinuations, or comments on a person's dress, physique, appearance, age, style, family situation, etc.
- A paternalistic or condescending attitude with sexual implications undermining dignity.
- Any unwelcome, implicit, or explicit invitation or request, whether accompanied by threats.
- Any unnecessary physical contact or action, such as touching, caressing, pinching, or assault.

Suppliers must prohibit their employees from offering or taking any action that might suggest an offer of recruitment, continued employment status, promotion, improvement of working conditions, preferential projects or work projects, or other

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special treatment or benefits in exchange for a sexual relationship.

Suppliers must prohibit employees from subjecting workers to prejudicial treatment in retaliation for refusing sexual advances or correcting inappropriate behavior.

#### **Punishment of Abusive Workers, Supervisors, or Managers**

Suppliers must discipline managers, supervisors, or workers who are involved in any physical, psychological, sexual, or verbal violence, harassment, or abuse. Discipline must be conducted through measures such as compulsory counseling, warnings, demotions, terminations, or a combination of these actions, regardless of whether such action was intended to prevent the recurrence of violence and harassment and facilitate their reintegration into work, where appropriate. CarbonFree does not permit practices such as public humiliation of workers.

- **“Non-Discrimination”:** CarbonFree requires all suppliers to demonstrate a strong and proactive commitment to diversity, equity, and inclusion (DEI). Suppliers must actively prevent all forms of discrimination and harassment based on race, ethnicity, gender, sexual orientation, gender identity, age, religion, disability, or any other protected characteristic. This includes implementing clear anti-discrimination and anti-harassment policies, delivering regular DEI training to all employees, and establishing safe, accessible, and confidential reporting mechanisms for concerns or violations. Suppliers are also expected to foster a respectful and inclusive workplace culture and regularly monitor and evaluate their DEI efforts. Compliance with these requirements is essential for maintaining a responsible and equitable supply chain that aligns with our values.

#### **Employment Decisions**

All employment decisions will be made only based on a worker's qualifications, such as education, experience, training, skills, or abilities, as they relate to the inherent requirements of a particular job. Employment decisions shall not be

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based on gender, race, religion, age, sexual orientation, political opinion, ethnic origin, nationality, social group, marital status, union affiliation, or sympathy.

### **Job Advertisements, Job Descriptions, and Evaluation Policies**

Recruitment and employment policies and practices shall be free from discriminatory bias, such as job advertisements, job descriptions, job application forms and interview questions, and job performance and evaluation policies and practices.

### **Disclosure of Personal Information**

Suppliers are required not to request the disclosure of any personal, non-job-related information at any stage of the application, recruitment, or hiring process. This information includes gender, race, religion, disability, sexual orientation, political opinion, social group, nationality, ethnic origin, or marital status.

### **Compensation Discrimination**

Suppliers must ensure that workers receive equal compensation for work of equivalent value regardless of gender, race, religion, disability, age, sexual orientation, political opinion, nationality, social group, or ethnic origin.

### **Marital, Partnership, or Family Discrimination**

- Suppliers must not discriminate based on family, marital, partnership, or other family status.
- Suppliers must refrain from threatening workers with dismissal or adverse employment actions due to changes in their family, marital, partnership, or any other family-related status, including marriage or pregnancy.
- Suppliers are required not to base any employment decision that negatively impacts employment status, such as dismissal, demotion, loss of seniority, or wage deduction, on a worker's family, marital, partnership, or any other family status, including pregnancy.

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### **Pregnancy Testing**

Suppliers must not require pregnancy testing for workers except as national law requires.

### **Protection and Accommodation of New Mothers and Pregnant Workers**

Suppliers are required to comply with all provisions in national laws and regulations benefitting new mothers and pregnant workers, including requirements such as maternity leave and other benefits; provisional reassessments away from work stations that jeopardize the health of pregnant women, or their unborn children, or new mothers and their newborn children, prohibitions to work at night, temporary hours of work adjustment during and after pregnancy, and breast-feeding breaks and facilities.

### **Health-Related Discrimination**

Suppliers are required not to make any employment decisions that negatively impact a person's employment status based on their health status. Employment decisions refer to recruitment, termination, promotion, assignment, or reassignment of work unless the inherent necessities of the job or a medical necessity are required to protect the worker and other workers.

### **Confidentiality of Health Status**

Suppliers are required to respect the confidentiality and health status of workers and not take any action that could lead to a breach of privacy, including screening, direct or indirect testing (for instance, by assessing risk behavior), or asking questions related to possible previously administered tests or medications.

### **Reasonable Accommodation for Health Reasons**

Suppliers are required to take the necessary actions to reasonably accommodate

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their workers with chronic illnesses, including HIV/AIDS-related illnesses. These measures could include rearranging working hours, providing special equipment, offering opportunities for rest breaks, scheduling medical appointments, granting time off, implementing flexible sick leave policies, offering part-time work arrangements, and implementing return-to-work protocols.

### **Reasonable Accommodation, Modifications, and Adjustments**

Suppliers must make reasonable modifications and adjustments to accommodate the religious, gender, ethnic, and disability-based needs of all workers in the workplace and within any facilities provided by the employer, such as dormitories or transportation.

### **Quantitative Goals**

To demonstrate our commitment to continuous improvement, Carbonfree has established the following measurable targets:

- **“Workplace Safety”**: Reduce the incidence of workplace accidents across the supply chain by 10% by 2028.
- **“Discrimination”**: Have zero discrimination cases in our supply chain by 2030.
- **“Child Labor”**: Have zero child labor cases across our supply chains by 2030.
- **“Diversity”**: Increase the representation of underrepresented groups in our supply chain by 10% by 2028.

### **Qualitative Goals**

- Ensure suppliers have effective safety management systems across the supply chain.
- Strengthen human rights due diligence by integrating risk assessments and proactive monitoring into supplier vetting and onboarding processes.
- Promote Supplier buying practices that support Women-Owned and Minority-Owned



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Businesses (WMBEs).

- Engage suppliers in collaborative human rights initiatives to encourage them to adopt stronger labor protections.

### Review Mechanisms

This policy will be reviewed annually by the Director of Purchasing/Procurement and the Executive Team to ensure it remains relevant to our evolving operations.

### Policy Owner

The Purchasing/Procurement Department is responsible for the administration of this Supplier Social and Labor Policy.