

## **SMS C0810**

# **Code of Conduct for Ethical Management of Supplier**

The Code of Conduct for Ethical Management of SIMMTECH Co., Ltd (hereinafter referred to as "SIMMTECH") suggests requirements that SIMMTECH supplier has to follow to create a safe working environment, respect employees' human rights, ethically manage the company while fulfilling responsibilities to the environment. SEMTECH may change these Regulations as necessary, and SIMMTECH may request improvement after visiting the supplier 's company workplace to evaluate compliance with the regulations.

## **Chapter 1 Workers' Human Rights (Labor)**

### **Article 1 (Voluntary Work (Prohibition of Forced Labor))**

Supplier companies must not condone forced labor (slave, human trafficking, etc.) against the will of the workers. At the time of employment, individuals must sign a labor contract in a language that the individual can comprehend and after the contract, provide one copy of the contract to the individual. When hiring foreign workers, original documents such as passports and work permits must be kept by the workers themselves. The supplier companies should not unreasonably restrict the movement of workers, and workers should be able to leave the company freely as he or she wishes. Any fee created at the time of recruitment must not be charged to the worker.

### **Article 2 (Prohibition of Child Employment and Management of Juvenile)**

Supplier companies must not hire children. The term "child" defines a person under 15 years of age or the minimum age of employment in the specified local law. Minor workers under the age of 18 shall not work overtime/night shift and shall not be put into dangerous work labor against safety and health regulation. Students who are in training must be managed separately from the worker according to the training program.

### **Article 3 (Working Hours)**

The total working hours of the workers must not exceed 52 hours per week, including overtime. However, in foreign countries, it's allowed to follow local law regulations. There also must be at least one day off every seven days.

### **Article 4 (Wages and Benefits)**

Wages must be paid above the legal minimum wage according to the working hours, and an additional allowance must be paid for overtime or night shift. Punishment does not allow wage reductions. Workers should be able to clearly understand the breakdown through pay statements, and any related documents.

### **Article 5 (Humanitarian Treatment)**

Supplier must respect the human rights of all workers and must not treat them harshly and inhumanely, such as through sexual harassment, sexual abuse, corporal punishment, mental and physical coercion, abuse, and unreasonable restrictions. To prevent it from

happening, supplier must clearly define the punishment/disciplinary procedures and disclose them to the workers.

#### **Article 6 (Prohibition of Discrimination)**

Supplier should not discriminate in employment activities such as recruitment, promotion, compensation, education, and training based on race, skin color, age, sex, sexual identity, nationality, ethnicity, disability, marriage & pregnancy, religion, political stand, and unionization. Also, supplier must not require medical examinations that can be used for discrimination toward workers and job seekers.

#### **Article 7 (Freedom of Association)**

Supplier must respect the right of workers to organize and join labor unions freely by local laws and regulations. Workers or workers' representatives should be able to share their opinions and difficulties with management regarding working conditions and management policies without fear of discrimination, retaliation, or intimidation.

### **Chapter 2 Safe Work Environment (Health & Safety)**

#### **Article 8 (Industrial Safety)**

Supplier must conduct risk assessments to identify potential risk exposure to the workers. Depending on the assessment results, safe process design, technical/administrative control, preventive maintenance, preparation of safety regulations, and continuous education must be carried out. In addition, personal protective equipment should be provided to workers and pregnant women should not be placed in dangerous work environments.

#### **Article 9 (Preparation for Emergencies)**

Supplier must categorize and define emergencies according to their likelihood and priority, and establish contingency plans. Emergency exits must be open at all times, and quick evacuation capabilities must be secured/maintained through regular evacuation drills involving all managers and employees.

#### **Article 10 (Prevention of Occupational Accidents and Diseases)**

Supplier must establish a system to prevent occupational accidents and diseases and to prevent a recurrence. These should include (1) encouragement of worker reporting, (2) classification and records of injury/disease, (3) provision of necessary medical procedures, (4) investigation of cases and implementation of corrective measures, and (5) promotion of worker reinstatement.

#### **Article 11 (Management of Exposure to Hazardous Factors in the Working Environment)**

Supplier should periodically measure staff exposure to hazardous chemicals, noise, and dust to determine the impact and implement technical measures and supervision to prevent exposure above the baseline. If the risks are not properly controlled, staff training should be provided for related risks and personal protective equipment should be provided.

#### **Article 12 (Physical Overwork)**

Supplier should be aware of the physical overwork that is carried out, such as repetitive work, handling heavy objects, and long-standing work, and prevent musculoskeletal diseases through measures such as process improvement and circular work.

#### **Article 13 (Maintenance of Safe Mechanical Equipment)**

Supplier must evaluate the safety risks of all production and other facilities. If there is a risk of injury; physical protection, safety equipment, and protective walls need to be provided and properly maintained.

#### **Article 14 (Cafeteria and Dormitory Management (Sanitation, Food, Housing))**

Supplier must provide staff with clean toilets, drinking water, and a place where food can be cooked/stored/eaten hygienically. Staff dormitories provided by supplier or temporary agencies need to be clean and safe, and emergency exits/hot water/lighting/heating/ventilation/locker, etc should be provided.

#### **Article 15 (Education of Safety and Health)**

Supplier needs to regularly provide workers with safety and health education as stipulated by the Industrial Safety and Health Act. The safety and health information that workers need to know must be posted in a conspicuous place.

### **Chapter 3 Management of Environmentally Friendly Workplace (Environment)**

#### **Article 16 (Compliance with Environmental Regulations (Permission and Report))**

Supplier must obtain, maintain, and comply with their reporting obligations with statutory mandatory environmental permits (e.g.: report of installation/operation/change of emission/prevention facilities). Also, supplier must continue to comprehend and comply with the latest legal changes.

#### **Article 17 (Prevention and Reduction of Contamination Resource Usage)**

Supplier must make efforts to fundamentally reduce waste and become zero-waste companies through process improvement, raw material replacement, preventive maintenance, resource conservation, and recycling/reuse.

#### **Article 18 (Hazardous Substances)**

Supplier must identify all chemicals that may cause environmental pollution at the time of the spill and strive for safe storage, transportation, usage, recycling/reuse, and disposal of such chemicals. Also, supplier must know the substance, label it, and manage it.

#### **Article 19 (Solid Waste)**

Supplier must comprehend the characteristics of the generated waste, dispose of it according to the regulated laws, and make efforts to recycle it.

#### **Article 20 (Atmospheric Exhaust Gas)**

Supplier must identify the characteristics of volatile organic compounds, aerosols, corrosive gas, dust, ozone-depleting substances, and combustion created in the

process and discharge them after handling them according to regulated law. In addition, regular monitoring of the emission control system is required.

#### **Article 21 (Compliance with Hazardous Substances Regulations in Production)**

Supplier must comply with all relevant laws, regulations, and SIMMTECH requirements regarding the prohibition or restriction of certain substances in production and manufacturing, including the attachment of recycling and disposal labels.

#### **Article 22 (Water Management)**

Supplier needs to make efforts to preserve water, by controlling pollution routes through the records and management of water sources/water usage/emissions. Waste water needs to be discharged within the reference value after recording the processing efficiency.

#### **Article 23 (Energy Consumption and Greenhouse Gas Emissions)**

Supplier needs to make efforts to work to reduce fuel consumption and minimize greenhouse gas emissions by improving energy efficiency.

### **Chapter 4 Corporate Ethics Compliance (Ethics)**

#### **Article 24 (Compliance with Ethical Management and Integrity of Business)**

By SIMMTECH's ethical management policy, supplier must maintain a zero-tolerance policy that prohibits corruption, bribery, and embezzlement, including gifts.

#### **Article 25 (Prohibition of Unfair Profit)**

Under no circumstances should an individual be provided or receive a means to a wrongful or improper gain, and automated anti-corruption legal compliance should be implemented through monitoring and policing procedures.

#### **Article 26 (Disclosure of Information)**

Supplier must disclose information on labor/health&safety/environmental management status, management activities, governance structure, financial status, and performance by relevant laws and industry model standards.

#### **Article 27 (Protection of Intellectual Property)**

Supplier must respect all intellectual property rights and protect those rights upon transfer of technology/know-how. In addition, SIMMTECH's information must be safely protected.

#### **Article 28 (Fair Trade, Competition with Advertising)**

Supplier must comply with applicable fair trade, competition & advertisement regulations and technologies such as prohibition of collusion.

#### **Article 29 (Protection of Identity and Prohibition of Retaliation)**

Supplier must maintain relevant secrets by operating a reporting channel that guarantees anonymity to allow workers to raise questions without fear of retaliation.

#### **Article 30 (Protection of Personal Information)**

Supplier must systematically protect the personal information of all stakeholders (including supplier, clients, consumers, executives, and employees). Supplier also need to comply with privacy/information legislation when collecting, storing, processing, and sharing personal information.

### **Chapter 5 Responsible Sourcing**

#### **Article 31 (Raw Materials)**

Supplier must establish a policy not to use raw materials obtained in illegal and unethical ways (e.g.: minerals mined in mines occupied by armed groups, wood from forest preserves and no-logging zones). supplier must include articles regarding conflict minerals in their policies and establish a system to ensure that 3TGs (Tantal, Tin, Tungsten, Gold) in raw materials/parts/products supplied to SIMMTECH do not directly or indirectly provide financial resources or convenience to armed groups that violate human rights in the Democratic Republic of Congo and neighbouring countries. Supplier must conduct research on the origin and supply chain of 3TG minerals in the raw materials/parts/products supplied to SIMMTECH and be able to provide factual information about the materials at the request of SIMMTECH.

### **Chapter 6 Management System**

#### **Article 32 (Company Will to Comply)**

Supplier responsible for compliance with this Code of Conduct must express their intention to comply in writing and post it at the workplace.

#### **Article 33 (Obligations and Responsibilities of Management)**

Supplier must specify who the senior management and representative is for the implementation of the management system and related programs, and they must periodically check the operational status of the management system.

#### **Article 34 (Response to External Requirements)**

Supplier must go through the procedures of comprehending and monitoring the customer requests and latest regulations including these regulations.

#### **Article 35 (Risk Assessment and Management)**

Supplier should identify potential risks in terms of labor, ethics, environment, and health & safety, and establish a management plan for high-potential and high-impact risks to report the status of implementation to management.

#### **Article 36 (Establishment and Management of Objective)**

Supplier must establish objective and implementation plans in terms of labor, ethics, environment, health&safety and periodically evaluate achievement status.

**Article 37 (Education Training and Communication)**

To comply with these regulations, the supplier company must operate an education program for managers/workers and share clear information about its policies, goals, and achievements with workers, sub- supplier, and SIMMTECH.

**Article 38 (Consultation of Employees Opinion and Improvement)**

Supplier should evaluate the level of understanding of these regulations, including an effective grievance procedure, toward employees, and collect opinions to improve the procedures for practical implementation.

**Article 39 (Audit & Assessment)**

Regular self-assessment should be conducted to ensure compliance with local laws and regulations, including these regulations.

**Article 40 (Corrective Action Process)**

Procedures must be established to adequately correct shortcomings identified through internal or external assessments/inspections, investigations, and reviews.

**Article 41 (Documentation and Recording)**

Supplier must manage the documents and records by relevant laws and regulations for managing internal documents.

**Article 42 (Responsibility of Supplier)**

Supplier needs to communicate these regulations to subordinate supplier, request compliance, and conduct compliance assessments.

**Sub-Regulation**

1. This regulation will come into effect on December 1st. 2019.