



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (SER)

PRINCIPLES OF CONDUCT

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1. INTRODUCTION

The EM Microelectronic (“EM”) Social and Environmental Responsibility (“SER”) Principles of Conduct (“Principles”) outline standards to ensure that working conditions in EM facilities, and our Supply Chain partners activities supporting EM's requirements, are safe, that workers are treated with respect and dignity, and that manufacturing processes utilized by EM and its partners are environmentally responsible.

For the purposes of the Principles, the following are considered as part of the EM Supply Chain, namely, Electronic Manufacturing Services (EMS) firms and Original Design Manufacturers (ODMs), including contracted Labor that may design, market, manufacture and/or provide goods and services that are used to produce EM electronic goods. The Principles will be actively promoted to critical suppliers in the EM Supply Chain and subsequently applied by that supplier to its supply chain and subcontractors.

To adopt the Principles and become a participant ("Participant"), a business shall declare its support for the Principles and shall conform to the Principles and its standards in accordance with a management system as set forth in the Principles. Further, a Participant shall hold its practices open to scrutiny to an initial EM SER audit and subsequent SER surveillance audits.

For the Principles to be successful, it is acknowledged that Participants should regard them as a total supply chain initiative. At a minimum, participants shall encourage their next tier suppliers to acknowledge and implement the Principles and should encourage, via surveillance audits, ongoing compliance with the Principles.

Fundamental to adopting the Principles is the understanding that a business, in all of its activities, must operate in full compliance with the laws, rules and regulations of the countries in which it operates. The Principles encourage Participants to consider going beyond legal compliance, drawing upon internationally recognized standards, to advance social and environmental responsibility.

The Principles consist of five sections. Sections 1, 2, and 3 outline standards for Labor, Health and Safety, and the Environment, respectively. Section 4 adds standards relating to Business Ethics; Section 5 outlines the elements of an acceptable system to manage conformity to this Code.



2. LABOR

Participants are committed to upholding the human rights of workers, and to treat them with dignity and respect as understood by the international community.

Recognized standards such as the Universal Declaration of Human Rights (UDHR), Social Accountability International (SAI) and the Ethical Trading Initiative (ETI) were used as references in preparing the Principles and may be a useful source of additional information.

The Labor standards are:

2.1 FREELY CHOSEN EMPLOYMENT

Forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities. As part of the hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate, or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits, unless such holdings are required by law. Workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.

2.2 YOUNG WORKERS

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace learning programs, which comply with all laws and regulations, is supported. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. Participant shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations. Participants shall provide appropriate support and training to all student workers. In the absence of local law, the wage rate for student workers, interns and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.

2.3 WORKING HOURS

Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off every seven days.

2.4 WAGES AND BENEFITS

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labor will be within the limits of the local law.

2.5 HUMANE TREATMENT

There is to be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.



2.6 NON-DISCRIMINATION

Participants should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical tests or physical exams that could be used in a discriminatory way.

2.7 FREEDOM OF ASSOCIATION

In conformance with local law, participants shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

3. HEALTH AND SAFETY

EM recognizes that the quality of products and services, consistency of production, and workers' morale, are enhanced by a safe and healthy work environment. EM also recognizes that ongoing worker input and education are key to identifying and solving health and safety issues in the workplace.

Recognized management systems such as OHSAS 18001 and ILO Guidelines on Occupational Safety and Health were used as references in preparing the Principles and may be a useful source of additional information (See References & Resources section for more information).

The health and safety standards are:

3.1 OCCUPATIONAL SAFETY

Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance, safe work procedures (including lockout/tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associated with these hazards. Workers shall be encouraged to raise safety concerns.

3.2 EMERGENCY PREPAREDNESS

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment and property.

3.3 OCCUPATIONAL INJURY AND ILLNESS

Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness including provisions to: encourage worker reporting; classify and record injury and illness cases; provide necessary medical treatment; investigate cases and implement corrective actions to eliminate their causes; and facilitate return of workers to work.

3.4 INDUSTRIAL HYGIENE

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. Engineering or administrative controls must be used to control overexposures. When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate personal protective equipment programs.

3.5 PHYSICALLY DEMANDING WORK

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

3.6 MACHINE SAFEGUARDING

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

3.7 SANITATION, FOOD, AND HOUSING

Participants or a labor agent are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate heat and ventilation, and reasonable personal space along with reasonable entry and exit privileges.

3.8 HEALTH AND SAFETY COMMUNICATION

Participants shall provide workers with appropriate workplace health and safety training in their primary language. Health and safety related information shall be clearly posted in the facility.



4. ENVIRONMENTAL

EM recognizes that environmental responsibility is integral to producing world-class products. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public.

Recognized management systems such as ISO 14001 were used as a reference in preparing the Principles and may be a useful source of additional information (see References & Resources section for more information).

The environmental standards are:

4.1 ENVIRONMENTAL PERMITS AND REPORTING

All required environmental permits (e.g., discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

4.2 POLLUTION PREVENTION AND RESOURCE REDUCTION

The use of resources and generation of waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

4.3 HAZARDOUS SUBSTANCES

Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.

4.4 SOLID WASTE

Participants shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous). Wastewater generated from operations, industrial processes and sanitation facilities are to be characterized, monitored, controlled and treated as required prior to discharge or disposal. In addition, measures should be implemented to reduce generation of wastewater. Participant shall conduct routine monitoring of the performance of its wastewater treatment systems.

4.5 AIR EMISSIONS

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, routinely monitored, controlled and treated as required prior to discharge. Participant shall conduct routine monitoring of the performance of its air emission control systems.

4.6 MATERIALS RESTRICTIONS

Participants are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

4.7 WATER MANAGEMENT

Participants shall implement a systematic approach to prevent contamination of storm water runoff. Participant shall prevent illegal discharges and spills from entering storm drains.

4.8 ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

Energy consumption and greenhouse gas emissions are to be tracked and documented, at the facility and/or corporate level. Participants are to look for cost-effective methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.



5. ETHICS

To meet social responsibilities and to achieve success in the marketplace, EM and its agents are to uphold the highest standards of ethics including:

5.1 BUSINESS INTEGRITY

The highest standards of integrity are to be upheld in all business interactions. Participants shall have a zero-tolerance policy to prohibit any and all forms of bribery, corruption, extortion, embezzlement, and money laundering. All business dealings should be transparently performed and accurately reflected in the Participant's business books and records. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

5.2 NO IMPROPER ADVANTAGE

Bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorized, given, or accepted. This prohibition covers promising, offering, authorizing, giving, or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage.

5.3 DISCLOSURE OF INFORMATION

Information regarding participant labor, health and safety, environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices.

Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable.

5.4 INTELLECTUAL PROPERTY

Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights, and customer information is to be safeguarded.

5.5 FAIR BUSINESS, ADVERTISING AND COMPETITION

Standards of fair business, advertising and competition are to be upheld. Appropriate means to safeguard customer information must be available.

5.6 PROTECTION OF IDENTITY AND NON-RETALIATION

Programs that ensure the confidentiality, anonymity and protection of supplier and employee whistleblowers are to be maintained, unless prohibited by law.

Participants should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

5.7 RESPONSIBLE SOURCING OF MINERALS

Participants shall have a policy to reasonably assure that the tantalum, tin, tungsten, and gold in the products they manufacture does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country. Participants shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to customers upon customer request.

5.8 PRIVACY

Participants are to commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers, and employees. Participants are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

6. MANAGEMENT SYSTEM

EM has established a management system whose scope includes the content of these Principles. The management system is designed to ensure (a) compliance with applicable laws, regulations and customer requirements related to EM's operations and products; (b) conformance with these Principles; and (c) identification and mitigation of operational risks related to these Principles. The management system also facilitates continual improvement.

The management system also contains the following elements:

6.1 COMPANY COMMITMENT

A corporate social and environmental responsibility policy statement affirming Participants' commitment to compliance and continual improvement, endorsed by executive management and posted in the facility in the local language.

6.2 MANAGEMENT ACCOUNTABILITY AND RESPONSIBILITY

Participants clearly identify senior executive and company representative[s] responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management system on a regular basis.

6.3 LEGAL AND CUSTOMER REQUIREMENTS

A process to identify, monitor and understand applicable laws, regulations, and customer requirements, including the requirements of this Code.

6.4 RISK ASSESSMENT AND RISK MANAGEMENT

A process to identify the legal compliance, environmental, health and safety and labor practice and ethics risks associated with Participants' operations.

Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.

6.5 IMPROVEMENT OBJECTIVES

Written performance objectives, targets and implementation plans to improve the Participants' social and environmental performance, including a periodic assessment of the Participants' performance in achieving those objectives.

6.6 TRAINING

Programs for training managers and workers to implement Participants' policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

6.7 COMMUNICATION

A process for communicating clear and accurate information about Participants' policies, practices, expectations and performance to workers, suppliers, and customers.

6.8 WORKER FEEDBACK, PARTICIPATION AND GRIEVANCE

Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement.

6.9 AUDITS AND ASSESSMENTS

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.

6.10 CORRECTIVE ACTION PROCESS

A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations, and reviews.



6.11 DOCUMENTATION AND RECORDS

Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

6.12 SUPPLIER RESPONSIBILITY

A process to communicate Code requirements to suppliers and to monitor supplier compliance to the Code.

7. REFERENCE DOCUMENTS

The following standards were used as references material in preparing these Principles and may be a useful source of additional information. The following standards may or may not be endorsed by each EM contractor, agent, or supplier.

RBA Code of Conduct (the Responsible Business Alliance formerly the Electronic Industry Citizenship Coalition - EICC)	http://www.responsiblebusiness.org/standards/code-of-conduct/
Universal Declaration of Human Rights	https://www.un.org/en/about-us/universal-declaration-of-human-rights
ILO International Labor Standards	http://www.ilo.org/safework/lang--en/index.htm
Ethical Trading Initiative	www.ethicaltrade.org/
OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High Risk Areas	http://www.oecd.org/corporate/mne/mining.htm
Dodd-Frank Wall Street Reform and Consumer Protection Act	http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf
United Nations Convention Against Corruption	https://www.unodc.org/unodc/en/treaties/CAC/