

# **Ethical and Environmental Code of Conduct**

for Diotec Semiconductor AG

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## **1. Introduction**

Diotec Ethical and Environmental Code of Conduct ("Code of Conduct") sets out the minimum standards that Diotec expects itself, and all its manufacturing suppliers and sub-contractors to meet. All suppliers must ensure that the standards set out in the Code of Conduct are not only observed in their own facilities but also clearly communicated by passing down their own supply chain. Diotec considers a supplier's supply chain to extend to the sourcing and production of raw materials and minerals purchased by the supplier.

Diotec suppliers will develop, implement and monitor action plans for continuous improvement in factory working conditions. Progress against these plans will be monitored by the suppliers themselves and Diotec's auditing team. Monitoring will be carried out through a combination of questionnaires, reporting requirements and factory audits – for which suppliers are asked to give full and open access. Non-compliance with this Code of Conduct will require rapid corrective action and in critical cases, may result in the supplier ceasing to be engaged by Diotec.

## **2. No forced labour**

Forced labour is work that is performed under the threat of punishment or confiscation of belongings that the worker has not agreed to. Diotec believes that employment should be freely chosen; therefore:

- a. Workers are not forced to lodge deposits or identity papers with their employer.
- b. Where employers hold identity papers for security reasons, this must be with written consent of the worker. Workers must have access to their identity papers at all times as far as is reasonably practical, and no deposit shall be required for their release.
- c. There shall be no indentured or bonded labour.
- d. There shall be no unpaid or forced prison labour.
- e. Workers are free to leave their employer after reasonable notice.
- f. Workers' freedom of movement is not unnecessarily impeded.
- g. Workers are free to leave once their shift ends.
- h. Overtime shall be voluntary and must be paid at a premium rate.
- i. Workers shall be entitled to paid annual leave and public holidays.

### **3. No Child labours**

Diotec does not accept child labour. Child labour is defined as work performed by children which interferes with a child's right to health, growth, development and access to quality education.

- a. There shall be no recruitment of child labour.
- b. The minimum age of workers should not be less than the age of completion of compulsory schooling, and in any case, shall not be less than 15 years old.
- c. If a child is found to be performing labour, the child's employer shall develop or participate in and contribute to policies and programs which enable the child to be reintegrated into quality education and remain in education until he or she is no longer a child.
- d. Young persons under 18 shall not be employed at night or work in hazardous conditions.
- e. Young persons under 18 shall not be assigned heavy or hard work.
- f. Employers shall obtain and retain copies of legal documentation proving the age of all workers and conduct background checks to support documentation if necessary.

### **4. Fair disciplinary practices**

Neither Diotec nor its suppliers shall engage in or condone corporal punishment or any other form of abuse or harassment.

- a. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.
- b. Monetary fines and deductions from wages as a disciplinary measure shall not be permitted.
- c. Workers should be made aware of the employer's grievance procedures and have the right to lodge complaints regarding disciplinary issues without fear of retaliation.

### **5. Legal requirements**

Diotec and all Diotec suppliers must abide by relevant local and international laws and regulations.

- a. Diotec and all suppliers shall be law abiding and as a minimum shall comply with all legal requirements relevant to their business in the countries in which they operate. For the avoidance of doubt, if the obligations in the Code of Conduct are more

onerous than those specified by the relevant local laws then the obligations in the Code of Conduct will prevail.

b. Only workers with a legal right to work shall be employed or used.

c. All workers including those employed through agencies, must be validated for their legal right to work by reviewing original documentation (not photocopies) before they are allowed to commence work. Procedures which demonstrate compliance with these validations must be implemented.

d. Workers must be able to access and produce identity documentation proving their right to work, including passports, working visas and immigration approvals. These documents shall be accessible for inspection at all times.

e. Employers must seek, obtain and retain all necessary permissions, permits, approvals, visas and other documents necessary for the legal employment of their workers. These documents shall be accessible for inspection at all times.

## **6. Health and Safety**

Worker health and safety is a priority. Therefore, Diotec and its suppliers shall comply with relevant laws and regulations and take measures to prevent accidents.

a. A health and safety policy must be in place to prevent accidents and injury by minimizing as far as possible, the causes of hazards inherent in the working environment.

b. The health and safety policy will be supported by a health and safety committee. A certified health and safety officer shall be engaged as required by local law.

c. A risk assessment of the working environment must be carried out by the employer at appropriate intervals, either overall or particular areas, with a view to identifying major hazards and resolving them.

d. Employers must ensure that, so far as is reasonably practical, the workplace, machinery, equipment and processes under their control are safe and without risk to health.

e. Employers are required to ensure that, so far as is reasonably practical, the chemical, physical and biological substances and agents under their control are without risk to health when the appropriate measures are taken.

f. Workers shall receive regular and recorded health and safety training in the relevant language, and such training shall be repeated for new or reassigned workers.

g. Access to clean toilet facilities and to water shall be provided.

h. Eating and food storage facilities, if provided, must be in compliance with food hygiene requirements.

- i. Fire safety equipment and fire emergency procedures shall be adequate, easily accessible and well maintained. All workers must be trained on such procedures and records must be kept.
- j. Buildings must be structurally sound and in accordance with all local building and health and safety regulations. Additionally, they must be maintained in good condition.
- k. The number and size of stairways and exits must be adequate for the emergency evacuation of all workers.
- l. Emergency exit routes must be clear of obstruction. Exit doors must be clearly signposted and easily accessible during emergency evacuation.
- m. Fire alarm systems must be installed, maintained and tested on a regular basis.
- n. Equipment in the work place (including lifts, boilers and manufacturing equipment) shall be inspected regularly and in accordance with local laws.
- o. Workers must be provided with all appropriate personal protective equipment (PPE) based on risk assessment.
- p. Any protective equipment required shall not involve any expenditure by workers.
- q. Clearly sign-posted and well stocked first aid kits shall be made accessible to all workers.
- r. Employers must keep records of any accidents or incidents of worker sickness, including any corrective actions. This log should be available for inspection in accordance with local laws and regulations.
- s. Adequate numbers of trained first aiders must be available on site at all times.
- t. Work areas are to be properly ventilated. In hot environments, sufficient cooling must be provided for the basic well-being of workers. In cold environments, sufficient heating without risk to safety is to be provided. In all work areas where painting, lacquering, spraying, or sanding is done or where chemicals or solvents are used, adequate and proper ventilation and air circulation are to be provided.
- u. Accommodation, where provided, shall be clean, segregated by gender, safe and meet at least the basic needs of the workers.

## **7. Working hours**

Working hours shall not be excessive.

- a. All suppliers shall comply with all applicable national laws on working hours and rest days. All workers shall receive a period of rest comprising at least 24 consecu-

tive hours in every seven-day period, or a longer period if provided for by applicable national laws.

b. Overtime shall be voluntary and must be paid at a premium rate.

c. Workers shall be entitled to paid annual leave and public holidays.

## **8. Wages and benefits**

Diotec and Diotec's suppliers shall pay wages, including any overtime in accordance with legal requirements.

a. Wages and benefits that are paid for a standard working week must at least meet minimum national legal standards or industry benchmark standards, whichever is higher.

b. All workers shall be provided with written and understandable information about their wages before they start work and about the particulars of their wages for the pay period concerned each time they are paid, including any overtime rates and circumstances where pay may be deducted.

c. Work performed must be on the basis of a recognized employment relationship established through national law and practice.

d. Whether through the use of labour-only contracting, sub-contracting, home-working arrangements, excessive use of fixed term contracts, apprenticeship schemes where there is no real intent to impart skills or provide regular employment, or otherwise, suppliers must not avoid obligations to workers under labour or social security laws applicable to a regular employment relationship.

e. Men and women, of all nationalities, will receive equal remuneration for work of equal value.

f. Workers shall be entitled to paid annual leave and public holidays.

g. Workers shall be entitled to medical leave and benefits in accordance with local law.

h. Where accommodation is provided, the employer should take responsibility to ensure safe and appropriate mode of transportation is provided to the workers.

## **9. Discrimination**

Diotec and Diotec's suppliers shall not discriminate against their workers.

a. There shall be no discrimination in hiring, remuneration or access to training, promotion, overtime, termination or retirement based on race, caste, national

origin, age, religion, disability, gender, marital status, sexual orientation, union membership or political affiliation.

## **10. Gender labour practices and freedom of association**

Diotec and Diotec's suppliers shall ensure that workers are not prevented from free association.

- a. Workers' rights to exercise lawful rights of free association, including joining or not joining any association must be recognized and respected.
- b. Workers have the right to representation and discussion with the company on employment matters.
- c. Every employer must adopt an open attitude towards the activities of worker representative bodies and their organizational activities.
- d. Workers and worker representatives shall not be discriminated against and have access to carry out representative functions in the workplace.
- e. Workers shall have the right to collective bargaining on matters of pay and working conditions. Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

## **11. Transparency**

Diotec's suppliers must allow Diotec free access to their facilities for audits and inspections.

- a. Suppliers shall allow full and free access for Diotec or its appointed representatives to inspect supplier facilities and any worker accommodation.
- b. Suppliers shall allow full and free access for Diotec or its appointed representatives to speak with and interview workers without the supplier being present.
- c. Suppliers must not tolerate, permit or engage in bribery, corruption or unethical practices with public officials or individuals in the private sector.

## **12. The environment**

Diotec and its suppliers have a responsibility to measure, control and where possible, reduce their environmental impacts.

- a. Suppliers must understand their environmental impacts and comply with local, national and relevant international environmental legislation.



- b. Diotec and its suppliers shall have procedures to safely receive, handle, store, re-cycle and dispose of restricted or hazardous substances.
- c. Wastewater and solid waste from operations must be monitored, controlled and treated in accordance with applicable laws before disposal.
- d. Air emissions of volatile chemicals, aerosols, corrosives, particulates and ozone depleting substances must be recorded, monitored, controlled and treated as required by applicable laws before discharge.
- e. Diotec and its suppliers shall obtain, maintain and keep all required environmental permits and registrations.
- f. Diotec and its suppliers shall endeavor to reduce and where possible eliminate waste of all types, including water and energy, by implementing conservation measures in their facilities, in their maintenance and production processes and by recycling, re-using or substituting materials.

### **13. Responsible sourcing or materials and labour**

- a. Suppliers must ensure that the materials and minerals they source are produced or mined in an environmentally responsible manner and in safe working conditions where work is chosen freely. The sourcing of minerals must be in accordance with local, national and international laws.
- b. Suppliers shall have a Conflict Minerals policy and system in place 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 or other criminal organizations that are perpetrators of human rights abuses. Diotec reserves the right to add additional minerals or regions to this policy.
- c. Suppliers shall exercise due diligence in the sourcing of these minerals and make available the evidence of the due diligence measures they have taken on request.

### **14. Management systems**

Suppliers must establish internal systems and processes to ensure that the Diotec Code of Conduct is observed.

Diotec appreciates that each of its suppliers will find different ways to embed the Code of Conduct and that many of its suppliers will already have advanced environmental, health and safety and ethical management systems in place. As a minimum, suppliers must implement a system that comprises the following:

- a. **Management Accountability and Responsibility:** Suppliers must identify company representatives responsible for ensuring implementation of the manage-

ment system. Senior managers are to review compliance against the Code of Conduct.

b. **Legal and Customer Requirements:** Implement a process to identify, monitor and understand relevant laws and requirements under the Code of Conduct. Suppliers must provide training to managers and workers to meet these requirements.

c. **Risk Assessment and Risk Management:** Have a process to identify and address the environmental, health and safety and ethical risks associated with its operations.

d. **Communication:** Have a process for communicating clear and accurate information to meet legal requirements and the Code of Conduct internally. In addition, suppliers must communicate the Code of Conduct to their own supply base.