SUPPLIER CODE OF CONDUCT

ETL Systems Ltd

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Supplier Code of Conduct

Introduction

ETL delivers cutting-edge RF Technology solutions that enable seamless communication & connectivity across the world, pushing the boundaries of RF technology to shape the future of communication.

ETL's corporate and social responsibility is fundamental to the way that it operates. The company is continuously striving to improve its impact on employees, the wider community, and the environment, whilst upholding the highest standards of governance. ETL have an Environmental, Social and Governance Policy that sets out how this is being achieved.

As part of a network of other organisations, people, and the environment, ETL's relationship with its suppliers is critical for sustainable business growth. ETL expects from its Suppliers full compliance with all applicable laws and regulations of the counties where they are registered, as well as where operations are managed, or services provided. The requirements in ETL's Supplier Code of Conduct represent a minimum standard of best practice.

Suppliers are also expected to share these requirements through their own supply chain to propagate socially and environmentally responsible business ethics.

Our joint commitment to this Code of Conduct is critical in achieving sustainable business growth, whilst conforming to all applicable laws and having a positive impact in the world.

This document must be formally responded to by completing the Supplier Commitment Form at the following link: https://forms.office.com/e/me4QehH6S9

Associated documents

This document is designed to complement ETL's standard Terms & Conditions of Purchase found at https://www.etlsystems.com/terms-conditions-purchase
In the event of any conflict between this document and the Terms & Conditions of Purchase, then the latter document takes precedence.

This document directly supersedes the previous "Supplier Requirements Procedure" document reference 13-P001.

Requirements

1. Compliance with Laws

Suppliers must comply with all laws and regulations applicable to their business, including the local laws and regulations of all counties outside their home country in which operations are managed or services are provided.

2. Human Rights

Suppliers must comply with all national and international laws and regulations regarding slavery, child labour, human trafficking, labour standards and human rights expectations.

Suppliers must comply with the International Labour Organisation (ILO) Child Labour Convention. Specifically, the Minimum Age Convention, 1973 (No.138) requirements, and the Worst Forms of Child Labour Convention, 1999 (No. 182) requirements. Suppliers will not use unlawful child labour, nor will they knowingly accept commodities, products and/or services from suppliers that employ or utilise child labour.

If the supplier is based, partly or wholly, in the United Kingdom, the supplier acknowledges concordance of practice with the Modern Slavery Act 2015.

3. Employment practices

3.1. Harassment and bullying

Suppliers are expected to ensure that their employees are afforded an employment environment that is free from physical, psychological, and verbal harassment, intimidation, or other abusive contact.

3.2. Equality, diversity and Inclusion

Suppliers are expected to foster a culture of equality, diversity and inclusion; with a working environment based on dignity, trust and respect, free from discrimination.

Suppliers are expected to provide equal employment opportunity to employees and applicants for employment without discrimination and comply with all non-discrimination laws and regulations.

3.3. Working hours

Suppliers are expected to operate in consideration of the International Labour Organisation (ILO) standards regulating working, resting hours, maximum consecutive days of work and annual leave.

3.4. Disciplinary and grievance mechanism

Suppliers are expected to have an employee disciplinary process in place to address concerns regarding employee work, conduct or absence.

Suppliers are expected to have a grievance mechanism for employees to raise a workplace problem or concern or to appeal a disciplinary decision.

4. Integrity and business ethics

4.1. Anti-bribery and corruption and fraud

Suppliers must maintain an anti-bribery and corruption policy and be able to demonstrate compliance with all anti-bribery and corruption laws and regulations.

ETL reserve the right to sever relationships with Suppliers who are found to be acting fraudulently.

4.2. Anti-competitive practices

Suppliers must not tolerate any anti-competitive behaviour, or behaviour which could lead to anti-competitive activity, or any legal, ethical, or moral breach of competition law.

4.3. Insider trading

Suppliers and their employees must not use any material or non-publicly disclosed information obtained in the course of their business relationship with ETL as the basis for trading or for enabling others to trade in the stock or securities of any company.

4.4. Conflict of interest

Suppliers must support ETL's Conflict of Interest policy by providing immediate notification of actual or potential conflicts of interest. Potential conflicts include, but are not limited to, any conflict between ETL's interests and those of individuals, their close relatives, friends, or business associates.

5. Environment, Health and Safety

5.1. Environmental management system

ETL operates an ISO 14001-accredited Environmental Management System and encourages all suppliers to monitor, evaluate and – where possible – reduce waste streams in the packaging and transportation of goods. All suppliers are expected to be accountable for monitoring and measuring their waste streams and emissions and verifying that these comply to local legislation.

Suppliers and sub-suppliers who are carrying out special processes, such as plating or painting, must demonstrate awareness and control of the environmental impact of these processes, preferably by demonstrating their own ISO 14001 compliance.

ETL will support schemes to reduce packaging material, provided these are shown by standardised testing to have no adverse effect on the delivered product.

Site contractors whose work affects (or is affected by) significant environmental aspects, as defined by ETL, must demonstrate adequate environmental management, preferably in the form of ISO 14001 accreditation. Such contractors will be informed individually of these obligations.

Waste management contractors must either provide a Waste Transfer Note during the period of each visit, or provide retrospective Waste Transfer Notes according to a clearly defined and agreed schedule.

5.2. Chemical and substance supply chain

RoHS and WEEE
Goods supplied to ETL must be compliant to RoHS Directive 2011/65/EU and the Waste Electronic Equipment Directive 2012/19/EU.

REACh
ETL operates a supply chain that requires compliance to EC1907/2006 Registration, Evaluation, Authorisation and Restriction of Chemicals. To do this, suppliers are required to communicate safe usage information to ETL (Article 33) if any substance classified by Annex XIV or the associated Candidate List as an SVHC (Article 57) is subsequently included in delivered articles above the threshold of 1 tonne/year and 0.1w/w%.

It is expected that suppliers keep themselves abreast of changing legislation associated with REACh and particularly Annex XIV.

ETL's designated REACh contact is the Operations Manager.

5.3. Sustainable product and process development

ETL's sustainability strategy aims to develop, manufacture, and deliver innovative products with the lowest possible environmental impact and suppliers are encouraged to support this wherever possible. Sustainability initiatives – such as carbon footprint reduction, reduced resource consumption and emissions, waste minimisation, recyclable packaging materials and reduced emissions – will be factored into supplier selection and approval.

Suppliers who provide or use timber packaging must display due diligence in the use of sustainable timber in their supply chain.

5.4. Health and Safety

Suppliers must provide a safe and healthy workplace for their employees, and others who may be affected by their work activities, in compliance with all relevant local Health and Safety regulations applicable to business activities.

Suppliers are expected to establish an appropriate health and safety management system including policies aimed at protecting the health, safety and welfare of employees, contractors, visitors and others who may be affected by their activities.

6. Quality requirements

6.1. Quality requirements for non-accredited Suppliers

This section is not relevant for suppliers operating an accredited Quality Management System (ISO 9001 or AS 9100/ISO 13845/IATF 16949 as applicable).

Suppliers of goods must be able to provide traceable delivery documentation or, for preference, a Certificate of Conformity to accompany each delivery. This must include, at the minimum, a unique identifying number, description, drawing number and revision, and the date of delivery, dispatch, or manufacture.

Suppliers must have a documented business continuity plan founded on reasonably foreseeable risks to their business and customer base.

Suppliers must demonstrate a process for the management, interpretation, and control of new ETL drawing revisions.

Suppliers must have the resource to take prompt corrective and preventative action upon notification of non-conformities from ETL and communicate said action to ETL. If suppliers are not able to produce 8D investigation reports, then they must be able to co-operate in a joint investigation with ETL.

Suppliers must be able to demonstrate control over non-conforming products, including ETL rejections.

Suppliers must be able to demonstrate control and repeatability of their manufacturing or operating processes and – where applicable – the methods used to produce a product compliant to ETL's requirements.

Suppliers must be able to demonstrate a process for control and/or approval of raw material or purchased product.

Suppliers must deploy and demonstrate a suitable work environment and adequately trained personnel in all processes that affect the final quality of the product.

Suppliers are expected to enact process-monitoring metrics and associated target-setting on activities used to produce ETL product. The most common monitoring metrics are defect (or reject) rate, and on-time delivery, although a variety of approaches would be acceptable.

6.2. Additional Quality requirements for All Suppliers (accredited and non-accredited)

Purchase orders must be reviewed, acknowledged and – where necessary – flagged for inconsistencies within three working days of receipt. Any relevant planned obsolescence must be highlighted before final acceptance of the order.

All goods received by ETL must be clearly correlated with ETL's part number and purchase order reference. Preferably, part numbers will be on the outer packaging, but accompanying delivery documentation will suffice. Additional order requirements, such as a Certificate of Conformity or test documentation, must be included. Goods may be rejected if they do not meet these requirements.

Changes and substitutions to the order requirements are expressly forbidden without ETL's written approval.

Suppliers are expected to grant ETL reasonable access to premises and non-proprietary information for constructive monitoring or improvement activity, given a minimum of 5 working days' notice.

ETL operate a PPAP (product part approval process) that may be selectively deployed on new designs. A traceable and authentic certificate of conformity is a mandatory PPAP requirement for the supply of electronic components.

Product packaging must be sufficient to protect parts against accidental damage and retain conformity to ETL's Cosmetic Acceptance Criteria

Goods that are susceptible to Electrostatic Discharge, moisture-sensitivity, or shelf-life limits must be clearly labelled as such.

Rejected goods are to be collected by the supplier and credit issued. Replacement goods, if required, should subsequently be re-invoiced.

7. Information protection

7.1. Protection of sensitive, confidential and proprietary information

Suppliers must ensure that all sensitive information, including confidential, proprietary and personal information is appropriately protected and properly handled.

Information must not be used for any purpose other than the business purpose for which it was provided, unless there is prior authorization from the owner of the information.

7.2. Information security

Suppliers must protect the sensitive information, including confidential, proprietary and personal data/information of others, from unauthorized access, destruction, misuse, modification and disclosure, through appropriate physical and electronic security procedures. This is to include mitigating emerging risk to information systems by implementing appropriate IT cyber security programmes.

Suppliers must report to ETL any suspected or actual data breach or security incident as soon they are aware.

7.3. Protection of personal data

Suppliers must comply with all applicable data privacy laws and regulations.

7.4. Intellectual property

Suppliers must comply with all the applicable laws governing intellectual property rights assertions, including protection against disclosure, patents, copyrights and trademarks.

8. Global trade compliance

8.1. Import

Suppliers must ensure that their business practices are in accordance with all applicable laws, directives and regulations governing the import of parts, components, technical data and services.

8.2. Export control and sanctions

Suppliers must ensure that their business practices are in accordance with all applicable national laws, directives and regulations governing the export or re-export of parts, components, and technical data.

Suppliers shall provide truthful and accurate export control classification and information and must communicate regulatory control requirements for each applicable product line at order acknowledgement.

8.3. Responsible sourcing of minerals

Suppliers must conform to Dodd-Frank legislation, or local equivalent, regarding the origin of conflict minerals, and must perform country-of-origin enquiries whenever 3TG (tantalum, tungsten, tin or gold) minerals are sourced.

8.4. Counterfeit parts

Suppliers of electronic components must have a written anti-counterfeit policy and be able to demonstrate anti-counterfeit measures in their supply chain.

9. Ethics and compliance management

9.1. Ethics and compliance policies

Suppliers are expected to establish management systems, as appropriate to the size and nature of their risks and business, to support compliance with laws and regulations, as well as the requirements stated within the ETL Supplier Code of Conduct.

Suppliers are encouraged to implement their own written code of conduct and to flow down their principles to their own suppliers of goods and services.

ETL expects its Suppliers to maintain effective programs to encourage their employees to make ethical, value-driven choices in their business dealings - beyond compliance with laws, regulations, and contract requirements.

9.2. Ethics and compliance alerts

Suppliers undertake to notify ETL in a timely manner of any suspected violation of the ETL Supplier Code of Conduct, by any party, that might impact the Supplier's relationship with ETL. ETL's Whistleblowing Policy, including information on how concerns may be raised, is available on the Corporate Responsibility section of the ETL Systems website. https://www.etlsystems.com/about-us/corporate-responsibility/

9.3. Whistleblowing procedure and protection

Suppliers are expected to provide employees and third parties with access to adequate reporting channels to seek advice or raise legal or ethical concerns without fear of retaliation, including opportunities for anonymous reporting.

ETL expects suppliers to take action to prevent, detect and correct retaliatory actions against whistleblowers.

9.4. Consequences for violating ETL Supplier Code of Conduct

In the event that the requirements of this Code are not met, the business relationship may be reviewed and corrective action pursued subject to the terms of the related procurement contract(s).

Definitions

8D Investigation
A quality-focused investigation that follows the '8 Disciplines' problem-solving principles, as defined by asq.org

RoHS
Restriction of Hazardous Substances, as defined by 2002/95/EC

EChA
European Chemicals Agency – the agency responsible for administration of REACh legislation

Dodd-Frank
See https://www.gov.uk/guidance/conflict-minerals for further guidance

Supplier Commitment Form

Please complete ETL's Supplier Code of Conduct Commitment Form and Sustainability Survey at the following link:

https://forms.office.com/e/me4QehH6S9