



# SMA SUPPLIER CODE OF CONDUCT



For suppliers and business partners of SMA



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# SMA SUPPLIER CODE OF CONDUCT

Our supplier code of conduct is not fixed but is continually developed and updated to take account of changes to legal and economic conditions that SMA faces as a global corporation. SMA therefore reserves the right to change the requirements of this code of conduct and to notify all suppliers in writing.

All of the principles described in the following paragraphs conform to the corporate principles defined at SMA.

## Corruption, anti-trust law and other ethical principles

Corruption, oppression, fraud and embezzlement in any form are strictly prohibited. The acceptance of bribes, other payments and gifts that benefit the receiver are also strictly prohibited. This ban also applies to subsuppliers.

Suppliers are not permitted to offer employees of SMA holidays, cash or similar items.

Compliance with the principles of non-discrimination are obligatory for vendor selection and when dealing with suppliers. Fair competition, fair contract arrangements with business partners and the recognition of anti-trust laws are mandatory.

Sources: BME III 1a; BME III 1b; UN P10, SMA mission statement, SMA corruption guidelines

## Conflict minerals

SMA is active in the United States of America and supplies its products to U.S. companies. Therefore, SMA must ensure that U.S. laws are complied with throughout its supply chain. This includes the following requirements:

Suppliers shall take all reasonable measures to ensure that the tantalum, tin, tungsten and gold in the products they manufacture do 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 (so-called "conflict minerals"). The adjoining countries are Angola, Burundi, Central African Republic, Republic of the Congo, Rwanda, Sudan, Tanzania, Uganda and Zambia.

Suppliers are expected to exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to SMA upon request.

Source: U.S. Public Law 111-203 (July 21, 2010)

# WORKING STANDARDS/RIGHTS OF EMPLOYEES

## **Ban on child labor**

All employed persons must be at least 15 years old. This minimum age of employment is based on several conventions of the International Labour Organization (ILO). These conventions govern the lower limits that apply worldwide. If a higher minimum age of employment applies in the country in which the supplier in question has its place of work, this must be observed. In countries that fall under the exemption for developing countries, the minimum age can be reduced to 14. Furthermore, the supplier is required to refrain from delegating any hazardous work to employees aged less than 18 years old.

Sources: ILO No. 138, 182; UN P5

## **Ban on forced labor and mistreatment**

Forced labor is prohibited in all its forms. It is expected that the supplier will treat its employees fairly, without sexual harassment, sexual abuse, physical punishment or torture, mental or physical coercion or verbal abuse or threats of such treatment.

Sources: ILO No. 29, 105; UN P4; BME III 1c

## **Ban on discrimination**

It is prohibited to disadvantage, favor or segregate employees for reasons of race, color of skin, sex, age, religion, political opinion, national or social origin, disability / physical condition with regards to hiring, further training and /or promotion. The supplier must ensure that employees are in no way discriminated against with regards to the aforementioned points.

Sources: ILO No. 111, UN P6, BME III 2b

## **Working hours, wages and miscellaneous social benefits**

Employees must be paid at least the minimum wage and social benefits defined by law in the respective country. The supplier is expected to pay employees regularly and on time. Illegal or unauthorized deductions must not be made from wages and deductions as a punitive measure shall not be permitted.

If the statutory minimum wage or industrial minimum standards do not cover the cost of living, the supplier shall be requested to pay its employees an appropriate wage that covers these basic needs.

Statutory working hours, maximum periods and breaks must be observed. Every employee has the right to at least one day off every six consecutive days.

It is assumed that the supplier offers its employees appropriate opportunities for further and advanced training.

Sources: ILO 1, 14, 26, 131

### **Guarantee of the freedom of association and protection of the right of association**

In accordance with the law, employees are entitled to associate freely, to join trade unions, to form works councils, to select employee representatives, to enter into wage negotiations, etc.

The employees involved must not be discriminated against by the supplier.

Sources: ILO No. 87, 98; UN P; BME III 2d

### **Occupational health and safety**

Occupational health and safety must be ensured in accordance with statutory regulations. This means that protection must be provided against any chemical, physical and mechanical hazards in the workplace and the infrastructure available. This also includes controls, secure process flows, preventive maintenance and protective measures as well as precautions (e.g. instructions, guidelines, training, emergency plans including reporting procedures) against accidents and occupational illnesses.

If risks cannot be controlled and prevented adequately using the above measures, the supplier undertakes to provide its employees with suitable protective clothing. It is also essential that all employees are properly instructed and trained on these issues.

Source: BME III 2c

### **Environmental protection**

Compliance with the environmental laws and regulations in the respective country is mandatory. This means that all of the required certificates, licenses and related requirements must be in place and must be implemented.

It is also expected that environmental pollution will be minimized and that environmental protection measures will be continuously improved. The supplier is required to set up systems to ensure the safe handling, transport and storage of waste, waste gases and waste water. Pollution that has a negative effect on human health and / or the environment and the climate must be handled, measured and controlled appropriately and must be minimized or eliminated at the point of origin or using various procedures.

Natural resources (e.g. water, raw materials) must be used sparingly.

The supplier is required to promote the development of environmentally-friendly products, processes and procedures within the company.

Sources: BME III 2e, UN P7-9

### **Quality and product safety**

Compliance with generally recognized or legally agreed quality requirements is mandatory for all products. Suppliers are expected to use programs to control and maintain work processes in accordance with the safety standards in force and to carry out risk assessments and employ preventive measures as appropriate.

The supplier is required to provide SMA with material safety data sheets and all safety-related information when requested.

### **Responsibility**

All laws, regulations, legal contracts and agreed standards must be recognized and observed. Non-compliance shall have consequences for the supplier. See point 3.

The supplier must introduce and / or employ procedures to identify, define and monitor the risks covered in this code of conduct, laws and regulations, legal contracts and standards. It is also expected that the supplier will set up communication channels that offer employees the opportunity to report unlawful actions or conduct. Information must be treated confidentially and then examined. Suppliers are expected to continuously improve their own sustainability services (based on this code of conduct) using suitable measures.

### **Communication, information and documentation**

Suppliers are expected to maintain an open and constructive communication policy for and with their employees and business partners.

The supplier is required to make its employees aware of the legal regulations, agreements and standards in force and thus to prevent unlawful conduct. Suppliers are also expected to communicate the principles illustrated here to all employees. Suitable training measures and information media must be used to ensure this awareness and communication.

The supplier is requested to communicate the principles set down in this code of conduct to other companies further down the supplier chain.

The protection of confidential information and data is mandatory. This also applies to the intellectual property of the employees and business partners. The passing on of this code to third parties is strictly prohibited.

Sources: BME III 2f; IV

# REVIEWS AND PENALTIES

## Reviews and penalties

The supplier shall allow SMA to review compliance with these principles or to arrange for a review by a third party authorized by one of the parties.

In the case of violations against the supplier code of conduct, SMA reserves the right to initiate appropriate consequences. In the event of a violation, a request will initially be issued to remedy and / or resolve the grievances with an appropriate deadline being set depending on the violation. The process must be documented by the supplier and presented voluntarily to SMA.

If the grievance is not remedied and / or resolved by the deadline set or if a violation of the supplier code of conduct appears repeatedly, the supplier will be blocked and/or the cooperation will be terminated.

## Sources/References

SMA mission statement: <http://www.sma.de/en/service/downloads/dl/126/Prospekte/19/2.html>

Bundesverband Materialwirtschaft,  
Einkauf und Logistik e. V. (BME):

<http://www.bme.de/Code-of-Conduct.44959.0.html>

UN Global Compact:

[www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html](http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html)

International Labour Standards (ILO):

<http://www.ilo.org/global/standards/lang-en/index.htm>

OECD Guidelines for Multinational Enterprises:

<http://www.oecd.org/dataoecd/56/36/1922428.pdf>

U.S. Public Law 111-203 (July 21, 2010):

<http://www.gpo.gov/fdsys/pkg/PLAW-111publ203/content-detail.html>

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