



TECO Electric & Machinery Co., Ltd.
Supplier Code of Conduct

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(Summary Translation) This English version is a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

TECO Electric & Machinery Co., Ltd (hereinafter referred to as TECO) is a highly competitive and globalized enterprise. It has kept practicing its management philosophy of "Ethical Corporate Management, Implementation of Corporate Governance, Fulfillment of Social Responsibility and Pursuit of Sustainable Operations". This Supplier Code of Conduct (hereinafter referred to as this Code) encourages and requires suppliers, contractors, service providers, subcontractors and other business partners (hereinafter collectively referred to as suppliers) to agree with and abide by this Code to jointly implement the aforementioned concepts .

This Code has been formulated with reference to internationally adopted human rights regulations and the code of conduct formulated by international organizations, such as the UN Guiding Principles on Business and Human Rights, the Declaration of Fundamental Principles and Rights at Work of the International Labor Organization (ILO), the "UN Universal Declaration of Human Rights". This Code requires suppliers to comply with labor, health and safety, environment, business ethics and management systems. Business behaviors comply with the provisions of this Code and comply with the laws of the place where they operate. Suppliers should be aware that their compliance with this Code will be used as a reference for TECO's purchasing decisions. Any business behavior that violates this Code may lead to termination of business relationship with TECO.

This Code is made up of five chapters. Chapter 1, 2, and 3 outline standards for Labor, Health and Safety, and the Environment, respectively. Chapter 4 adds standards relating to Business Ethics; Chapter 5, Management Systems, outlines the elements of an acceptable system to manage conformity to this Code.



Chapter 1: Labor

Suppliers are committed to uphold the human rights of workers in accordance with internationally recognized standards. This commitment applies to all workers regardless of whether they are temporary, migrant, student, contract, direct employees, and any other type of worker.

1. Freely Chosen Employment

Forced, bonded, debt bondage or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons is not permitted. 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. All work must be voluntary, and workers shall be free to leave work at any time or terminate their employment. Employers, agents, and sub-agents' may not hold or otherwise destroy, conceal, or confiscate identity or immigration documents, such as government-issued identification, passports, or work permits. Employers can only hold documentation if such holdings are required by law. Workers shall not be required to pay employers' agents or sub-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. Child Labor

Child labor is not to be used in any stage of manufacturing, except in a legitimate workplace study program that complies with all laws and regulations. "Child Labor" means 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.



3. Young Workers

Young workers under the age of 18 shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. Suppliers 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 laws and regulations. Suppliers 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.

4. Working Hours

Studies of business practices clearly link worker strain to reduced productivity, increased turnover, and increased injury and illness. Working hours are not to exceed the maximum set by local law.

5. 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.

6. Humane Treatment

There is to be no harsh or inhumane treatment including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, 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.



7. Non-Discrimination

Suppliers shall not engage in discrimination or harassment 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.

8. Freedom of Association

In conformance with local law, suppliers 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.

Chapter 2: Health and Safety

Suppliers recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Suppliers also recognize that ongoing worker input and education are essential to identifying and solving health and safety issues in the workplace.

1. Occupational Safety

Worker potential for exposure to safety hazards (e.g., chemical, electrical and other energy sources, fire, vehicles, and fall hazards) are to be identified and assessed, and controlled through proper design, engineering and administrative controls, preventative maintenance and 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. Reasonable steps must also be taken to remove pregnant women/nursing mothers from working condition with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers including those associated with their work assignments, as well as include reasonable accommodations for nursing mothers.

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. Emergency drills must be executed at least annually or as required by local law, whichever is more stringent. Emergency plans should also include appropriate fire detection and suppression equipment, clear and unobstructed egress, adequate exit facilities, contact information for emergency responders, and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment, and property.

3. Occupational Injury and Illness

Proper design, engineering and administrative control systems are to be in place to prevent, manage, track and report occupational injury and illness including provisions to: identify and evaluate hazard factors; encourage worker reporting; classify and record injury and illness cases; provide necessary medical treatment assistance; investigate cases and implement corrective actions to eliminate their causes; and facilitate return of workers to work.

4. Industrial Hygiene

Worker exposure to chemical, biological, and physical agents is to be identified, evaluated, and controlled according to the Hierarchy of Controls. If any potential hazards were identified, participants shall look for opportunities to eliminate and/or reduce the potential hazards. If elimination or reduction of the hazards is not feasible, potential hazards are to be controlled through proper design, engineering, and administrative controls. When hazards cannot be adequately controlled by such means, workers are to be provided with and use appropriate, well-maintained, personal protective equipment free of charge. Protective programs shall be ongoing and include educational materials about the risks associated with these hazards.

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.

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.



7. Sanitation, Food, and Housing

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the Participant 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 lighting and heat and ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.

8. Health and Safety Communication

Suppliers shall provide workers with appropriate workplace health and safety information and training in the language of the worker or in a language the worker can understand for all identified workplace hazards that workers are exposed to, including but not limited to mechanical, electrical, chemical, fire, and physical hazards. Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers. Training is provided to all workers prior to the beginning of work and regularly thereafter. Workers shall be encouraged to raise any health and safety concerns.

Chapter 3: Environment

Suppliers recognize 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.

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.

2. Prevention and Resource Reduction

Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals and virgin forest products, is to be conserved or by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling or other means.

3. Hazardous Substances

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

4. Solid Waste

Supplier shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid non-hazardous waste.



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. Supplier shall conduct routine monitoring of the performance of its air emission control systems.

6. Materials Restrictions

Suppliers 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.

7. Water Management

Suppliers shall implement a water management program that documents, characterizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; and controls channels of contamination. All wastewater is to be characterized, monitored, controlled, and treated as required prior to discharge or disposal. Suppliers shall conduct routine monitoring of the performance of its wastewater treatment and containment systems to ensure optimal performance and regulatory compliance.

8. Energy Consumption and Greenhouse Gas Emissions

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

Chapter 4: Business Ethics

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

1. Business Integrity

The highest standards of integrity are to be upheld in all business interactions. Suppliers shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement.

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. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

3. Disclosure of Information

All business dealings should be transparently performed and accurately reflected on supplier's business books and records. Information regarding supplier 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.

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 and supplier information is to be safeguarded.



5. Fair Business, Advertising and Competition

Standards of fair business, advertising and competition are to be upheld. Supplier shall not engage in and adopt competition and advertising standards that are not permitted by the laws of the place where it operates.

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

7. Responsible Sourcing of Minerals

Suppliers 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 or an adjoining country. Suppliers 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.

8. Privacy

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

9. Avoid conflicts of interest

Conflicts of interest, such as situations where a TECO employee or a close relative (parent, child, spouse or sibling) is a significant investor or shareholder in your company, should be avoided to prevent misconduct. Excessive or overly frequent socializing with your TECO business contacts may also create a conflict of interest, or the appearance of a conflict of interest.



Social contact must be within accepted cultural business norms, and relationships that become conflicts of interest must be reported. If a potential conflict is discovered, you should report such incident immediately to TECO and take corrective actions to ensure that no inappropriate actions result from the conflict and relationships that become conflicts of interest must be reported and suspended or resolved.

10. Follow import and export regulations

Suppliers should know and follow all laws related to the shipping, handling and transportation of products to or on behalf of TECO. This includes source country export and customs laws, destination country import and customs laws, paying all necessary duties and taxes and following local transportation laws. Procedures and training will be provided to employees and contracted service providers to ensure safe handling of materials to, from and at TECO.

11. Confidentiality Obligations

Suppliers undertakes that any and all unpublished information (including information of TECO or TECO's customers), whether in any form or through any medium, tangible or intangible, explicitly classified as confidential, restricted, or others with similar meaning related to TECO's operations, production, sales, research and development, finance and management that is accessed, possessed or acquired by, or known to Suppliers in the process of business discussion, conclusion of contract or performance, shall be treated by Suppliers as confidential information. Suppliers undertake to strictly observe the confidentiality obligations, and shall never publish, reveal, leak or distribute confidential information to any third party.

Chapter 5: Management System

.Suppliers shall adopt or establish a management system whose scope is related to the content of this Code. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the supplier's operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It should also facilitate continual improvement.

1. Company commitment

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

2. Management Accountability and Responsibility

The supplier clearly identifies senior executive and company representatives responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management system on a regular basis.

3. Legal and Customer Requirements

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

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 supplier's 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.

5. Improvement Objectives

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

6. Training

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

7. Communication

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

8. Worker Feedback, Participation and Grievance

Develop ongoing procedures (including an effective grievance mechanism) to assess employee awareness of practices or violations and conditions covered by this Code, and to obtain employee input in this regard to drive continuous improvement.

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.

10. Corrective Action Process

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

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.

12. Sustainable Supply Chain

To reduce the risk of business interruption, to continue to achieve sustainable business operations, suppliers should implement a procurement policy, which should be developed to ensure the commitment to responsible procurement. Procurement policy / regulations / requirements should be communicated to suppliers, and their compliance status should be managed and controlled. If there is physical evidence to suggest that any supplier violates the rules, it should be investigated and handled actively and the violating supplier should be required to make improvements within a specified period of time. To reduce the potential risk of supply chain, there should be an emergency response plan for the provision of products and services.