



## SUPPLIER CODE OF CONDUCT

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## Message from the Chief Executive Officer

Avi-Tech Electronics Limited (“Avi-Tech” or “Company”) is committed to the adoption of Responsible Business Alliance (RBA) Code of Conduct as a Corporate Social Responsibility model in delivering the highest standards of product quality and business integrity in our dealings with suppliers, subcontractors, and other service providers. This is to ensure that working conditions in our supply chain are safe, that employees are treated with respect and dignity, and that business processes are environmentally responsible.

To ensure that our suppliers, subcontractors, and other service providers meet and support these objectives, this code defines the corporate responsibility requirements for all suppliers, sub-contractors, and other service providers working with Avi-Tech. We reserve the right to reasonably modify the requirements of this Code due to the changes in the Avi-Tech operations systems or programme.

Avi-Tech is expecting our suppliers, subcontractors and other service providers to acknowledge and support our Code and seek to conform to its standards and provisions documented in detail below.

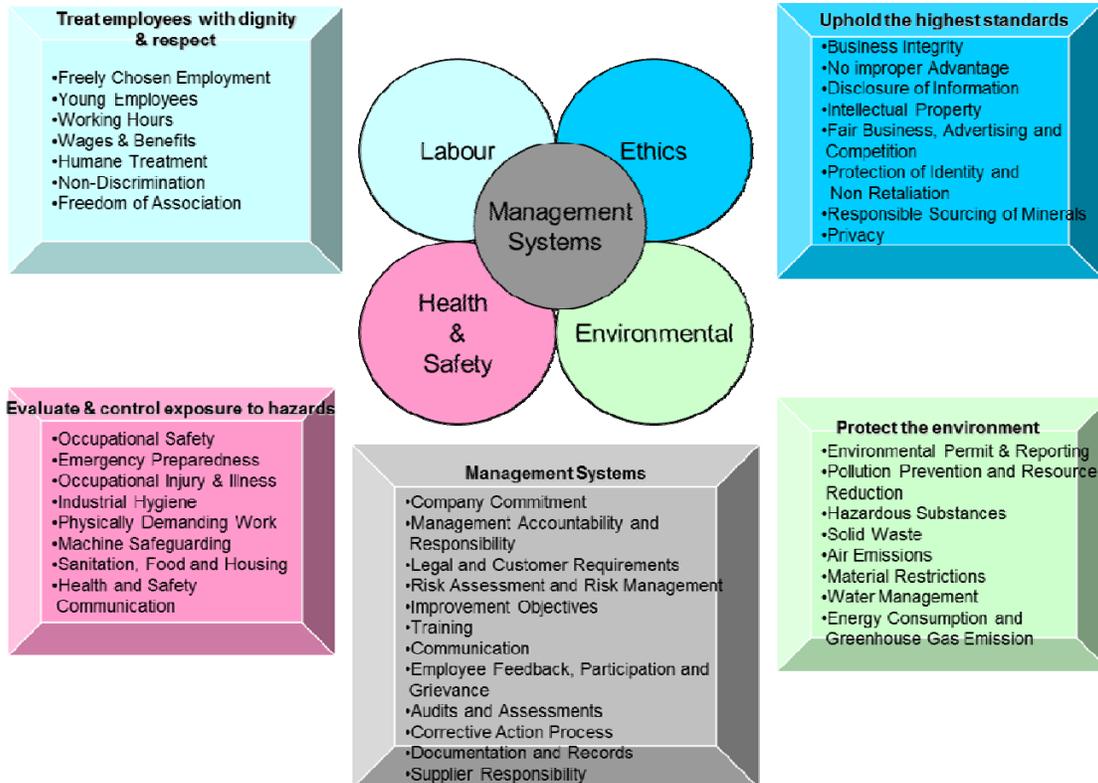
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Lim Eng Hong  
Chief Executive Officer  
20 February 2019



## RBA Framework and Requirements

### RBA Code of Conduct





## **Part A: Labour**

Avi-Tech is committed to uphold the human rights of employees and to treat them with dignity and respect as understood by the international community. This applies to all employees including temporary, migrant, student, contract, direct employees, and any other types of employee. We expect the same from our suppliers, subcontractors and other service providers.

### **1) Freely Chosen Employment**

Forced, bonded (including debt bondage) or indentured labour, involuntary or exploitative prison labour, slavery or trafficking of persons shall not be used. This includes transporting, harbouring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labour or services. There shall be no unreasonable restrictions on employees' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting Company-provided facilities. As part of the hiring process, employees 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 employee departing from his or her country of origin and there shall be no substitution(s) or change(s) allowed in the employment agreement upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms. All work must be voluntary, and employees shall be free to leave work at any time or terminate their employment. Suppliers, subcontractors and other service providers 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. Employees 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 employees, such fees shall be repaid to the employee.

### **2) Young Employees**

Child labour 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 programmes, which comply with all laws and regulations, is supported. Employees under the age of 18 (Young Employees) shall not perform work that is likely to jeopardise their health or safety, including night shifts and overtime. Suppliers, subcontractors and other service providers shall ensure proper management of student employees through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations. Suppliers, subcontractors and other service providers shall provide appropriate support and training to all student employees. In the absence of local law, the wage rate for student employees, interns and apprentices shall be at least the same wage rate as other entry-level employees performing equal or similar tasks.



### 3) **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. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Employees shall be allowed at least one day off every seven days.

### 4) **Wages and Benefits**

Compensation paid to employees 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 labour will be within the limits of the local law.

### 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 employees; 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 employees.

### 6) **Non-Discrimination**

Suppliers, subcontractors and other service providers should be committed to a workforce free of harassment and unlawful discrimination. The Company 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. Employees shall be provided with reasonable accommodation for religious practices. In addition, employees or potential employees should not be subjected to medical tests or physical exams that could be used in a discriminatory way.

### 7) **Freedom of Association**

In conformance with local law, the Company shall respect the right of all employees 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 employees to refrain from such activities. Employees 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.



## **Part B: Ethics**

To meet social responsibilities and to achieve success in the marketplace, suppliers, subcontractors and other service providers 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, subcontractors and other service providers 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, authorised, given or accepted. This prohibition covers promising, offering, authorising, 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 suppliers, subcontractors and other service providers' business books and records. Information regarding the companies' labour, 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.

**6) Protection of Identity and Non-Retaliation**

Suppliers, subcontractors and other service providers shall have a programme that ensure the confidentiality, anonymity and protection of supplier and employee whistleblowers\* are to be maintained, unless prohibited by law. Suppliers, subcontractors and other service providers should have a communication process for their personnel to be able to raise any concerns without fear of retaliation.

*\*Whistleblower definition: Any person who makes a disclosure about improper conduct by an employee or officer of a company, or by a public official or official body.*



**7) Responsible Sourcing of Minerals**

Suppliers, subcontractors and other service providers 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. Suppliers, subcontractors and other service providers 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, subcontractors and other service providers 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, subcontractors and other service providers are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared



## **Part C: Workplace Safety & Health (WSH)**

Avi-Tech recognises that in addition to minimising 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 employee retention and morale. Avi-Tech also recognises that ongoing employee input and education is essential to identifying and solving health and safety issues in the workplace.

As a result, we require our suppliers, subcontractors and other service providers to be committed to ensuring the creation of healthy and safe working conditions. We expect suppliers, subcontractors and other service providers to provide evidence of suitable controls, safe working procedures, preventive maintenance and general protective measures used in their working environments.

### **1) Occupational Safety**

Employee 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, employees 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 minimised 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, clear and unobstructed egress, adequate exit facilities and recovery plans. Such plans and procedures shall focus on minimising harm to life, the environment and property.

### **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.



**4) Industrial Hygiene**

Employee exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled according to the hierarchy of controls. Potential hazards are to be eliminated or controlled through proper design, engineering and administrative controls. When hazards cannot be adequately controlled by such means, employees are to be provided with and use appropriate, well-maintained, personal protective equipment. Protective programmes shall include educational materials about the risks associated with these hazards.

**5) Physically Demanding Work**

Employee 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 employees.

**7) Sanitation, Food and Housing**

Employees are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Employee dormitories provided by the suppliers, subcontractors and other service providers are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting, 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, subcontractors and other service providers shall provide employees with appropriate workplace health and safety information and training in the language of the employee or in a language the employee can understand for all identified workplace hazards that employees 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 employees. Training is provided to all employees prior to the beginning of work and regularly thereafter. Employees shall be encouraged to raise safety concerns.



## **Part D: Environmental**

Avi-Tech recognises 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 minimised while safeguarding the health and safety of the public. Since we firmly believe that sustainable development can be secured only if we safeguard our valuable resources, we deal with suppliers, subcontractors and other service providers which have similar environmental goals.

### **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) Pollution Prevention and Resource Reduction**

Emissions and discharges of pollutants and generation of waste are to be minimised 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, reuse, conservation, recycling or other means.

### **3) Hazardous Substances**

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

### **4) Solid Waste**

Suppliers, subcontractors and other service providers shall implement a systematic approach to identify, manage, reduce and responsibly dispose of or recycle solid waste (non-hazardous).

### **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 characterised, routinely monitored, controlled and treated as required prior to discharge. Suppliers, subcontractors and other service providers shall conduct routine monitoring of the performance of its air emission control systems.

### **6) Materials Restrictions**

Suppliers, subcontractors and other service providers are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labelling for recycling and disposal.



**7) Water Management**

Suppliers, subcontractors and other service providers shall implement a water management programme that documents, characterises, and monitors water sources, use and discharge; seeks opportunities to conserve water; and controls channels of contamination. All wastewater is to be characterised, monitored, controlled, and treated as required prior to discharge or disposal. Suppliers, subcontractors and other service providers 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 Scopes 1 and 2 greenhouse gas emissions are to be tracked and documented, at the facility and/or corporate level. Suppliers, subcontractors and other service providers are to look for cost-effective methods to improve energy efficiency and to minimise their energy consumption and greenhouse gas emissions.



## **Part E: Management Systems**

Suppliers, subcontractors and other service providers 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 participant'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.

The Management System should contain the following elements:

**1) Company Commitment**

A corporate social and environmental responsibility policy statement affirming the Company'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**

Clearly identifies 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.

**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 labour practice and ethics risks associated with Company'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.

*\*Areas to be included in a risk assessment for environmental health and safety are production areas, warehouse and storage facilities, plant/facilities support equipment, laboratories and test areas, sanitation facilities (bathrooms), kitchen/cafeteria and employee housing/dormitories.*

**5) Improvement Objectives**

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

**6) Training**

Programmes for managers and employees to implement the Company'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 the Company's policies, practices, expectations, and performance to its employees, suppliers, and customers.

**8) Employees Feedback, Participation and Grievance**

Ongoing processes, including an effective grievance mechanism, to assess employees' understanding of and obtain feedback on or violations against practices and conditions covered by this Code and to foster 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 this Code, along with appropriate confidentiality to protect privacy.

**12) Supplier Responsibility**

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



## **Part F: References**

The following standards were used in preparing this Code and may be a useful source of additional information. The following standards may or may not be endorsed by each participant.

Dodd-Frank Wall Street Reform and Consumer Protection Act

<http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>

Eco Management & Audit System

[http://ec.europa.eu/environment/emas/index\\_en.htm](http://ec.europa.eu/environment/emas/index_en.htm)

Ethical Trading Initiative

[www.ethicaltrade.org/](http://www.ethicaltrade.org/)

ILO Code of Practice in Safety and Health

[www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf](http://www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf)

ILO International Labor Standards

[www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm](http://www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm)

ISO 14001

[www.iso.org](http://www.iso.org)

National Fire Protection Association

[www.nfpa.org/catalog/home/AboutNFPA/index.asp](http://www.nfpa.org/catalog/home/AboutNFPA/index.asp)

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>

OECD Guidelines for Multinational Enterprises

<http://www.oecd.org/investment/mne/1903291.pdf>

OHSAS 18001

<http://www.bsigroup.com/en-GB/ohsas-18001-occupational-health-and-safety/>

Universal Declaration of Human Rights

[www.un.org/Overview/rights.html](http://www.un.org/Overview/rights.html)

United Nations Convention Against Corruption

<https://www.unodc.org/unodc/en/treaties/CAC/>

United Nations Global Compact

[www.unglobalcompact.org](http://www.unglobalcompact.org)



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United States Federal Acquisition Regulation

[www.acquisition.gov/far/](http://www.acquisition.gov/far/)

SA 8000

<http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=937>

Social Accountability International (SAI)

[www.sa-intl.org](http://www.sa-intl.org)