

# Code of Conduct

Variosystems Group



## CODE OF CONDUCT

The Variosystems Code of Conduct is based on the principles of the Electronic Industry Code of Conduct from the Electronic Industry Citizenship Coalition (EICC).

Through the application of the **Variosystems Code of Conduct**, we want to create better social, economic, and environmental outcomes for all involved parties. These outcomes include improved conditions for workers, increased efficiency and productivity for customers and suppliers, economic development, and a cleaner environment for communities.

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## A. Labor

Variosystems is committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker.

The labor standards are:

### 1 Freely Chosen Employment

We do not use forced, bonded or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There are no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities. As part of the hiring process, workers are provided with a written employment agreement in the respective country's official language prior to the worker departing from his or her country of origin, which contains a description of terms and conditions of employment. All work must be voluntary and workers are free to leave work at any time or terminate their employment. Employers and agents 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. Workers are not required to pay employers' or agents' recruitment fees or other related fees for their employment.

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## **2 Young Workers**

Child labor is not 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 programs, which comply with all laws and regulations, is supported. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including mandated night shifts and overtime. We 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 law and regulations. We 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.

## **3 Working Hours**

We take care that 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. Workers are allowed at least one day off every seven days.

## **4 Wages and Benefits**

Compensation paid to workers complies with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers are compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure are not permitted. For each pay period, workers are 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.

## **5 Humane Treatment**

There is no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there the threat of any such treatment. Disciplinary policies and procedures in support of these requirements are clearly defined and communicated to workers.

## **6 Non-Discrimination**

We are committed to a workforce free of harassment and unlawful discrimination. We do 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. In addition,

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workers or potential workers are not subjected to medical tests or physical exams that could be used in a discriminatory way.

### **7 Freedom of Association**

In conformance with local law, we 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 can openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.

## **B. Health and Safety**

Variosystems recognizes 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. We also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace.

Recognized management systems such as ISO 45001 and ILO Guidelines on Occupational Safety and Health were used as references in preparing the Code and may be a useful source of additional information.

The health and safety standards are:

### **1 Occupational Safety**

Worker potential for exposure to safety hazards (e.g., chemical, electrical and other energy sources, fire, vehicles, and fall hazards) are 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 provided with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associated with these hazards.

### **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, appropriate fire detection and suppression equipment, clear and unobstructed egress adequate exit facilities and recovery plans. Such plans and procedures focus on minimizing harm to life, the environment and property.

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### **3 Occupational Injury and Illness**

Procedures and systems are 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**

Worker exposure to chemical, biological and physical agents is 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, workers are provided with and use appropriate, well-maintained, personal protective equipment.

### **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 identified, evaluated and controlled.

### **6 Machine Safeguarding**

Production and other machinery are evaluated for safety hazards. Physical guards, interlocks and barriers are provided and properly maintained where machinery presents an injury hazard to workers.

### **7 Sanitation, Food, and Housing**

Workers are provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by Variosystems or a labor agent are maintained to be clean and safe, and provided with appropriate emergency egress, 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**

We provide workers with appropriate workplace health and safety information and training 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 are clearly posted in the facility. Training is provided to all workers prior to the beginning of work and regularly thereafter. Workers are encouraged to raise any safety concerns.

## C. Environment

Variosystems recognizes 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. Recognized management systems such as ISO 14001 and the Eco Management and Audit System (EMAS) were used as references in preparing the Code and may be a useful source of additional information.

The environmental standards are:

### **1 Environmental Permits and Reporting**

All required environmental permits, approvals and registrations are obtained and regularly updated. Their operational and reporting requirements are followed.

### **2 Pollution 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.

### **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**

We have implemented 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 characterized, routinely monitored, controlled and treated as required prior to discharge. We conduct routine monitoring of the performance of our air emission control systems or as required by local law.

### **6 Materials Restrictions**

We 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**

We have implemented a water management program that monitors water sources, use and discharge; seeks opportunities to conserve water; and controls channels of contamination. Wastewater is controlled and treated as required prior to discharge or disposal. We 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 greenhouse gas emissions are tracked and documented at the facility and corporate level or as required by local law. We continuously look for cost effective methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.

## **D. Ethics**

To meet social responsibilities and to achieve success in the marketplace, Variosystems upholds the highest standards of ethics including:

### **1 Business Integrity**

The highest standards of integrity are upheld in all business interactions. We have a zero tolerance policy to prohibit 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 are implemented to ensure compliance with anti-corruption laws.

### **3 Disclosure of Information**

Information regarding Variosystems' 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 respected; transfer of technology and know-how is done in a manner that protects intellectual property rights. Further, customer and supplier information is safeguarded.

### 5 Fair Business, Advertising and Competition

Standards of fair business, advertising and competition are upheld.

### 6 Protection of Identity and Non-Retaliation

Programs that ensure the confidentiality, anonymity and protection of supplier and employee whistleblowers<sup>1</sup> are maintained, unless prohibited by law.

Our partners and employees have the opportunity of reporting “behavior” that is not compliant with stated guidelines in their or our environments by means of an anonymous letter to the following address:

Variosystems AG  
Head of HR  
Ampèrestrasse 5  
9323 Steinach  
Switzerland

Our management is responsible for any further action to be taken concerning these reports.

### 7 Responsible Sourcing of Minerals

When applicable, Variosystems develops measures and action items, which according to best knowledge make sure that the tantalum, tin, tungsten and gold in the products we 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. We exercise due diligence on the source and chain of custody of these minerals and make our due diligence measures available to customers upon customer request.

### 8 Privacy

We are committed to protecting the reasonable privacy expectations of personal information of everyone we do business with, including suppliers, customers, consumers and employees. We comply

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<sup>1</sup> *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.*



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with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

## E. Management System

Variosystems has established a management system whose scope is related to the content of this Code. The management system is designed to ensure:

- (a) compliance with applicable laws, regulations and customer requirements related to our operations and products;
- (b) conformance with this Code; and
- (c) identification and mitigation of operational risks related to this Code. It also facilitates continual improvement.

The management system contains the following elements:

### **1 Company Commitment**

The executive management commits itself in its corporate policy to social and environmental responsibility, which affirms the commitment to compliance with laws and regulations and continual improvement.

### **2 Management Accountability and Responsibility**

The Board of Management identified company representatives responsible for ensuring implementation of the management systems and associated programs. Auditors review the status of the management system on a regular basis.

### **3 Legal and Customer Requirements**

Processes have been established to identify, monitor and understand applicable laws, regulations and customer requirements, including the requirements of this Code.

### **4 Risk Assessment and Risk Management**

Processes have been defined to identify the environmental, health and safety and labor practice and ethics risks associated with our operations. Relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance have been determined.

### **5 Improvement Objectives**

Our executives establish written performance objectives, targets and implementation plans to improve social and environmental performance, including a periodic assessment of the performance in achieving those objectives.

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### **6 Training**

We conduct training for managers and workers to implement our policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

### **7 Communication**

We have established a process to communicate clear and accurate information about policies, practices, expectations and performance to workers, suppliers and customers.

### **8 Worker Feedback, Participation and Grievance**

We have established an effective grievance mechanism to obtain feedback on or violations against practices and conditions covered by this Code and to foster continuous improvement. The Variosystems Code of Conduct is subject to continuous improvement by employee feedback.

### **9 Audits and Assessments**

Periodic self-evaluations 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 is in place for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

### **11 Documentation and Records**

Documents and records are created and monitored to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

### **12 Export Control**

As a global company, Variosystems ensures all national and international trade regulations and import and export control laws that affect our global business transactions. Each employee contributes to compliance with laws, regulations and internal rules in this area.

### **13 Supplier Responsibility**

Processes have been defined to communicate Code requirements to suppliers and to monitor supplier compliance to the Code.

## Obligation to Report

Each of our employees and business partners is encouraged to contact the Variosystems contact points in confidence if they become aware of violations of this Code of Conduct or other violations of applicable laws, regulations or internal company rules. Points of contact:

- Supervisor
- Personnel Department
- General Manager or Chief Executive Officer

The respective supervisor is the first point of contact for employees' questions and concerns. Supervisors pass all important information on to the General Manager or Chief Executive Officer, who coordinates and initiates any further action.

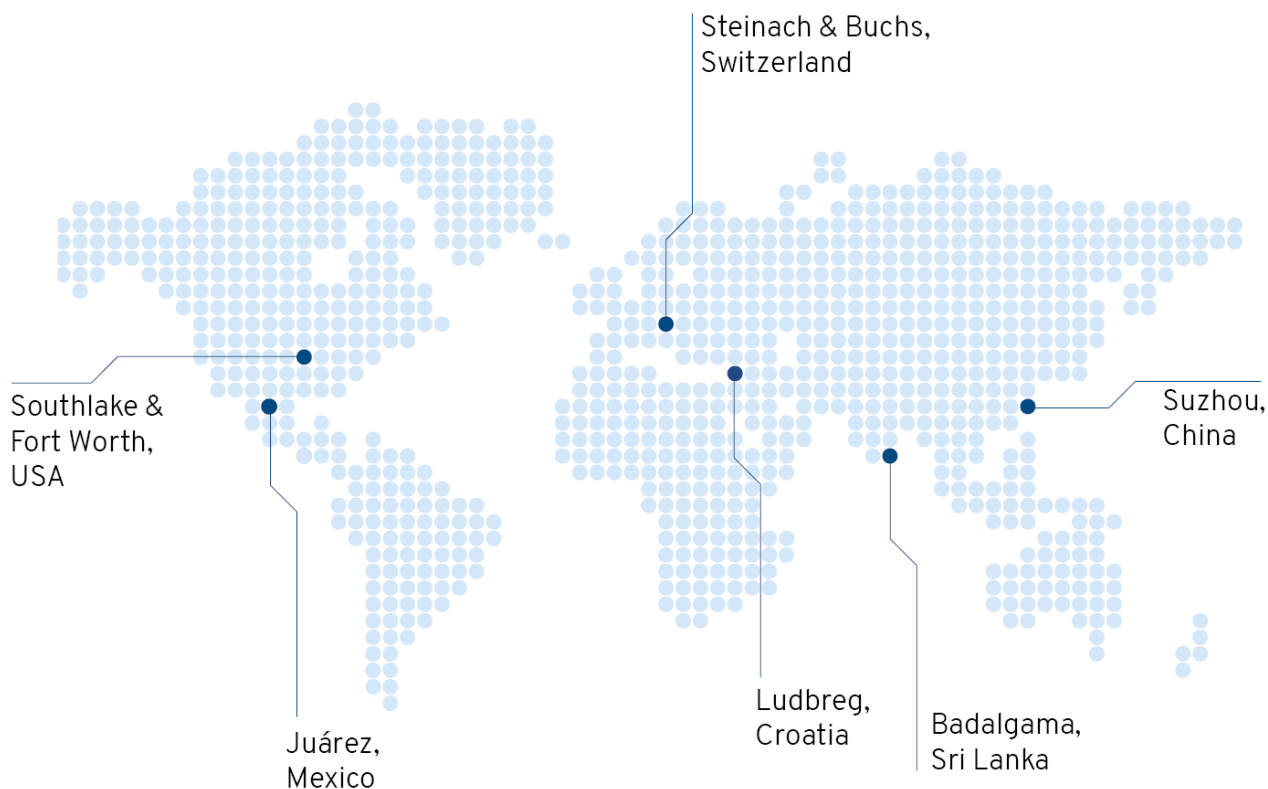
Steinach, July 2021

The image shows two handwritten signatures in black ink. The signature on the left is for Norbert Bachstein, and the signature on the right is for Peter Germann. Both signatures are written in a cursive, flowing style.

Norbert Bachstein  
CEO

Peter Germann  
CEO

# Locations



## Switzerland

Variosystems AG  
Ampèrestrasse 5  
9323 Steinach

## Sri Lanka

Variosystems (Pvt.) Ltd.  
Nelumwatta, Kotadeniyawa Road  
11538 Badalgama

## USA

Variosystems Inc.  
901 S. Kimball Ave.  
Southlake, TX 76092

## China

Variosystems Co. Ltd.  
No. 43, Tian'er Dang Road, Yuexi  
215104 Suzhou

## Croatia

Variosystems d.o.o.  
Koprivnička ulica 17c  
42230 Ludbreg

## Mexico

Variosystems MX  
Avenida Fuentes No. 321  
32437 Ciudad Juárez