



Effective December 2020

Corporate & Social Responsibilities **- Supplier Expectations**

Social and Environmental Practices

TT Electronics' social and environmental practices are important in embedding sustainability in our supply chain management and the standards we expect from our suppliers are described in our site supplier policy manuals. Key areas are summarised within this document.

Supplier relationships

The cost and complexity of technology makes it important to create and nurture long-term supplier relationships. We therefore aim to make these relationships as valuable to both parties as we can and seek to manage this through our appraisal system with two-way exchange of information through structured reviews with our key suppliers.

In practice we aim to minimise traditional supply chain problems and inefficiencies to optimise our supplier's value in the supply chain and to co-ordinate and align our management strategies.

TT Electronics engages with key suppliers and adopts a pragmatic approach so that we can achieve maximum benefit for both parties within a framework of clear corporate responsibility.

Our key objectives are to:

- Maximise the value of the supplier relationship to both TT Electronics and the suppliers
- Minimise supply and supplier problems
- Minimise cost
- Improve time to market
- Know, understand and benefit from the power of the relationship
- Treat all our suppliers as Key Stakeholders
- Deliver maximum stakeholder benefit

Ethical procurement

The standards we apply are as follows:

- The law is applied
- Suppliers adhere to modern slavery legislation
- Working conditions are safe and healthy
- Child labour is eliminated
- Living wages are paid
- Working hours are not excessive
- No discrimination is allowed
- Regular employment is provided
- No harsh or inhumane treatment is allowed
- Use of third-party software and supplier analysis to support our Conflict Mineral policy as appropriate

TT Electronics requires all suppliers to comply with our policy and we will not do business with companies where it can be demonstrated that violations of the policy exist. In particular, we will not bring companies onto our approved supplier list where there is evidence of under-age workers or where the supplier's workers are found to be subjected to potential life threatening working conditions or harsh or inhumane treatment.

Responsible Business Alliance (RBA)

TT Electronics plc is a member of the Responsible Business Alliance (RBA).

The RBA addresses social, environmental and ethical issues and is developing practical tools and processes that all companies in the sector can use to manage their supply chains.

In this way a consistent, more efficient approach for the sector can be established, reducing the amount of duplication of supplier assessments and audits, reducing cost for everyone and leading to a more sustainable model for continuous improvement.

TT Electronics is committed to adopting the tools and protocols being developed by the RBA who are one of the bodies leading the industry in the ethical management of supply chain social and environmental issues. We operate using assessment tools as appropriate and in line with RBA protocol carry out further assessment of the required percentage of high risk suppliers. We actively encourage our suppliers to adopt RBA policies and principles.

Environmental procurement

Our policy supplements TT Electronics internal efforts to help protect and sustain the environment and is an integral part of our ISO 14001 accredited Environmental Management System. Our aim is to drive our objectives for sustainable development deeper into the supply chain and work with our suppliers to help minimise the impact of their activities.

Suppliers will be required to:

- Comply with or exceed all relevant environmental legislation (including but not limited to waste, emissions and noise) acting in a preventive way to avoid pollution
- Implement corrective action plans and to have programs in place for improving environmental performance

TT Electronics looks favorably upon suppliers who:

- Have an up to date, documented Environmental Policy including commitment to environmental protection, prevention of pollution, compliance with environmental legislation, continuous improvement and to procure in line with its policy
- Have a documented Environmental Management System to ensure effective planning, operation and control of environmental aspects. This Environmental Management System shall satisfy the requirements of ISO 14001 or other internationally recognized standards

During the period of any contract we expect suppliers to make all reasonable efforts to support initiatives or targets that TT Electronics may from time to time introduce where the initiatives are relevant to their area of the TT Electronics supply chain, e.g. energy consumption reduction targets. We actively encourage our supplier to adopt the RBA policies and principles.

Conflict minerals

On August 22nd 2012 the U.S. Securities and Exchange Commission (SEC) adopted the Conflict Minerals provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502. The rule requires SEC listed companies to disclose annually whether tin, tantalum, tungsten or gold in their products originate in the Democratic Republic of the Congo (DRC) or adjoining countries and if “Conflict Minerals are necessary to the functionality or production of a product manufactured”.

TT Electronics is committed to a socially responsible supply chain and in order to create transparency TT Electronics promotes the traceability of these minerals in the supply chain.

TT Electronics will assist its customers in an advisory capacity to ensure that they are informed where reasonably possible about the products they purchase. TT Electronics does not knowingly, directly purchase any conflict minerals in their natural state from any source and endeavors not to purchase products that contain conflict minerals that directly or indirectly finance or benefit interests in the Democratic Republic of the Congo. TT Electronics expects its suppliers to only source minerals from responsible sources.

TT Electronics understands the importance of this issue to its customers and is committed to supply chain initiatives and overall corporate social responsibility and sustainability efforts that work towards a conflict free supply chain. We are encouraging our suppliers to support these efforts and make information on the origin of their product components easily accessible on their websites.

In a reasonable effort to assist our customers with compliance obligations of the Dodd-Frank Act, TT Electronics implemented a program that uses an industry standard tool developed to facilitate the disclosure and communication of information regarding smelters and refiners that provide material to electronic parts suppliers.

Modern-Slavery

Modern slavery can take various forms, including (i) servitude; (ii) forced, bonded or indentured labour; (iii) slavery; (iv) human trafficking; and (v) unreasonable restrictions on the free movement of workers (“**Modern Slavery**”). The common theme is the deprivation of an individual’s liberty in order to exploit them for personal or commercial gain.

TT Electronics’ approach to addressing the challenge of Modern Slavery is to ensure that there is transparency in our own business and throughout our supply chains. We expect the same high standards from all our contractors, suppliers, distributors and other business partners, consistent with TT Electronic’s obligations under the Modern Slavery Act 2015 and the principles established by the Responsible Business Alliance, of which we are a member. All Suppliers must ensure, that they, and their supply chain do not use any form of Modern Slavery. All suppliers must have appropriate policies and procedures in place to ensure there is no contravention of this obligation. We expect that our suppliers will hold their own suppliers to these standards. You are also required to raise concerns about any issue or suspicion of modern slavery in any parts of our

business or supply chains at the earliest possible stage. We may terminate our relationship with any third party if they are found to be in breach of this obligation.

Improving diversity and inclusion throughout the supply chain

TT Electronics Supply chain management and supplier diversity go hand in hand. We as an organisation require that suppliers meet targets in increasing workforce diversity and embedding good practice in equality, diversity and inclusion, right throughout their own supply chain.

Anti-bribery

TT Electronics' Anti-bribery policy establishes the UK Bribery Act 2010 as our baseline standard in respect to our conduct both at home and abroad. Our policy is to conduct all of our business in an honest and ethical manner in accordance with the group's Statement of Values and Business Ethics Code. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, by implementing and enforcing effective systems to counter bribery. We will uphold the laws relevant to countering bribery and corruption in all the jurisdictions we operate.

We are committed to a bribery free and transparent supply chain and endeavor not to source from suppliers that do not conduct business in accordance with applicable anti-bribery law and guidelines. We will not bring companies onto our approved supplier list where there is evidence of bribery or dealing with supplier approved agents or third parties where there is reasonable suspicion they maybe to be paying bribes. We reserve the right to terminate our contractual and business relationship if evidence exists or is suspected of a supplier paying bribes or acting in a manner inconsistent with TT Electronics Values and Business Ethics Code.

ITAR/EAR

ITAR and Export Control information for suppliers.

The U.S. Government views the sale, export, and re-transfers of defence articles and defence services as an integral part of safeguarding U.S. national security and furthering U.S. foreign policy objectives. The Directorate of Defence Trade Controls (DDTC), in accordance with 22 U.S.C. 2778-2780 of the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR) (22 CFR Parts 120-130), is charged with controlling the export and temporary import of defence articles and defence services covered by the United States Munitions List (USML).

The International Traffic in Arms Regulations (ITAR) are implemented by the U.S. Department of State, in conjunction with the Department of Defence, to regulate defence articles and services related to technical data. This information is identified on the [US Munitions List \(USML\)](#).

Export administration regulations (EAR) are implemented by the Department of Commerce and regulate the export of "dual use" items; technology designed for commercial purposes and with potential military applications, such as computers, software, aircraft, and pathogens as well the re-export of items. This information is identified using Export Control Classification Numbers (ECCN) and export requirements are found on the [Commerce Control List \(CCL\)](#).

It is the policy of TT Electronics to fully comply with all laws and regulations governing the export of products, services, software and technical data that fall under the jurisdiction of the ITAR or the EAR.

TT Electronics' suppliers are required to be familiar with ITAR and EAR Compliance Procedures. Particular attention must be taken when releasing technical information to Non-US persons to include electronic transmission of data and/or software and the shipment of products outside the United States.

- 1) They must complete a non-disclosure statement for any ITAR or EAR related materials
- 2) Ensure the proper handling and precautions are followed when utilizing ITAR Controlled documents
- 3) Ensure that files are password protected.
- 4) Ensure any ITAR controlled documentation is submitted only to ITAR registered US contractors

Suppliers must ensure that non-US persons will not be given access to ITAR related material on any project or program that involves the disclosure of technical data until a license has been approved by DDTC.

Any contractual flow down clauses from customers of TT Electronics will be detailed within quotation requests and purchase orders. The acceptance of any such clauses must be confirmed on all quotations and order confirmation paperwork. Any such terms are in addition to our standard terms and conditions of purchase

Export controls

TT Electronics expects that suppliers clearly understand and work within the laws and practices of the country of export and ensure that they administer all relevant export controls. Suppliers must ensure that when delivering products to TT Electronics they comply at all times with all export control requirements and customs regulations, as well as providing export control and foreign trade data in a professional and timely manner.

TT Electronics also demand that their suppliers:

- Take all necessary efforts to implement export control processes and procedures internally
- Notify us within 5 working days of order receipt when there is product we are purchasing that is subject to export control policy (earlier if product is available for immediate shipment – i.e. ahead of shipment)
- Prepare all relevant and necessary information and liaise with TT Electronics for any license or license exemption application
- Provide information required such as the “Export Control Classification Number” according to the U.S. Commerce Control List (ECCN), the HS (Harmonized System) coding, the country of origin (non-preferential origin) etc.

It is the supplier’s obligation to take all necessary steps to prevent TT Electronics from breaching any export control legislation.

Counterfeit

The supply of counterfeit components is a serious global issue that could have a major impact to both TT Electronics and our end customers.

TT Electronics is taking all reasonable precautions to eliminate risk to ensure that no potential counterfeit product is supplied into our business. Where appropriate, TT Electronics has enhanced our internal counterfeit procedure in compliance with the requirements of the AS5553C standard for counterfeit electronic parts avoidance, detection, mitigation and disposition.

TT Electronics will not tolerate any franchised distributor supplying stock which has been sourced via non franchised sources without prior authorisation being granted from TT Electronics and our customer.

We are aware that as a result of unforeseen circumstances / economic climate situations, that a need may arise to source obsolete / ‘hard to find parts’ through independent brokers / distributors however purchase will be authorised in advance by the specific TT Electronics plant and our customer.

Assessing our supply chain

To ensure our supply chain meets all the criteria we set for ourselves, we regularly carry out assessments of suppliers.

Assessments range from desk-based research and analysis through to management reviews and on-site audit activity. The scope of our audit generally includes a capability assessment, financial assessment, a review of the management systems a supplier has in place to control its operations, an understanding of how it assures the quality of its products and services, and also seeks to match up our own supply chain responsibility policy with our suppliers' own working practices. This includes our supplier's own labour, environmental, health & safety and business ethics practices and those of other suppliers in their supply chain.

The suppliers' responses to our self-assessment questionnaire form the basis of any audit and provide the data we need to explore their policies, procedures and practices. Before we visit a supplier to carry out a full audit, we will have already gained first-hand knowledge of a supplier's working practices, an understanding of the supplier base, its geographical distribution and the type of products and services procured.

Our sites also run a supplier scorecard via an online Analytics tool, which gives information on the OTIF & PPM performance for the date range selected, it also allows suppliers to log in to view their own scorecards. Suppliers who support more than one site can each view their performance per individual scorecards for each site or can view as a whole.

Quality Assurance policy

The cost of poor quality can be significant, be it poor product quality, poor software quality or the delivery of poor quality customer management.

Our Quality Assurance policy sets out the characteristics of quality management that we would expect from our suppliers. A copy of this document may be requested directly from the individual manufacturing plants.

Non-Disclosure agreements/confidentiality

TT Electronics may from time to time enter into discussions relating to the supply of materials and services. During the course of these discussions we may disclose certain proprietary and confidential information, both written and oral, to a third party. All parties wish to protect their proprietary and confidential information and the proprietary and confidential information of their clients and other third parties to whom they owe a duty of confidence. We operate using a non-disclosure agreement to protect all party interests.

Business principles & policies

Our Business Principles inspire and define the way we carry out our business activities. By complying with these principles, we build reputation, secure the trust of our stakeholders and maximise long-term value for our shareholders and society at large.

All suppliers working with TT Electronics will be required to comply with the TT Electronics policies. The TT Electronics website will be updated regularly showing latest policies.

IT Security

TT Electronics recognises that cyber-attacks are the primary threat to any organisation whose livelihood depends on information. Our Supply Chain partners must ensure they are adequately protected to combat the threat, to safeguard our security and, protect the vital interests of our businesses.

TT Electronics would want to see that our suppliers demonstrate (at a minimum) *alignment and maturity* to a recognised security standard (e.g. NIST or ISO27001) *or* has appointed a senior responsible individual for cyber/information risk management, with a plan to achieve *certification to or compliance with* a recognised security standard (e.g. Cyber Essentials (+), NIST or ISO27001) and *has* appointed a senior responsible individual for cyber/information risk management.