

SUPPLIER CODE OF CONDUCT

PURPOSE

This code of conduct sets out the minimum standards expected of our suppliers.

SMI is committed to upholding high ethical standards and is committed to developing relationships with suppliers who share our values for continual improvement.

STATEMENT OF INTENT

This code is based on the international labour organisation conventions (ILO) and the ethical trading initiative (ETI) base code. Both are internationally recognised standards of good labour practice.

Suppliers must comply with national and applicable local laws when applying this code. Where legal provisions and this code address the same subject, the provision that affords the worker the greatest protection must be applied.

SCOPE

SMI's Supplier Code of Conduct sets out our requirements to ensure that the workplace rights of all workers in our supply chain are respected and afforded, and that all workers have good working conditions.

We require all suppliers to comply with this Code of Conduct and all applicable laws in the countries in which they operate. Suppliers are responsible for ensuring that this Code of Conduct and all applicable laws are complied with within their own supply chains.

Our Code of Conduct sets out the minimum requirements expected and should not be used to prevent companies exceeding these standards.

SMI requires that all new and existing suppliers and service providers comply with this code.

CODE ASSESSMENT

SMI reserves the right to assess or audit our suppliers against this code. If non-compliances against this code are found, suppliers must commit to working with SMI to improve the findings within a fixed time scale.

BUSINESS INTEGRITY

Suppliers must grant those representing SMI the right to access at all reasonable times to all areas of production facilities to ensure compliance with this code. This may be unannounced. Suppliers must not partake in any form of corruption or bribery or present any invitations, gifts, or anything else of value to SMI representatives with an intention to gain influence. Suppliers must comply with all applicable anti-bribery and anti-corruption laws.

Suppliers must disclose complete and accurate information to SMI representatives during audits, assessments, and reviews. SMI reserves the right to terminate business with a supplier if there is evidence of corruption, bribery, withholding or falsification of information.

MAIN BODY OF THIS POLICY

Employment is freely chosen

- There is no forced, bonded, or involuntary prison labour.
- Workers are not required to lodge “deposits” or their identity papers with their employer and are free to leave their employer after reasonable notice.

Freedom of association and the right to collective bargaining are respected

- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- Worker’s representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

Working conditions are safe and hygienic

- A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- Workers should receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- The company observing the code shall assign responsibility for health and safety to a senior management representative.

Child labour shall not be used

- There shall be no recruitment of child labour.
- Companies shall develop or participate in and contribute to policies and programs which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.
- Children and young people under 18 shall not be employed at night or in hazardous conditions.
- These policies and procedures shall conform to the provisions of the relevant ILO standards.

Living wages are paid

- Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

Working hours are not excessive

- Working hours must comply with national laws, collective agreements, and the provisions of the below, whichever affords greater protection for workers. Sub-clauses are based on international labour standards.
- Working hours, excluding overtime, should be defined by contract, and should not exceed 48 hours per week.
- All overtime shall be voluntary. Overtime shall be used responsibly, considering all the following: the extent, frequency and hours worked by individual workers and the workforce. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay or according to local law, whichever is higher.
- The total hours worked in any seven-day period shall not exceed 60 hours, except where covered by clause 6.5 below.
- Workers shall be provided with at least one day off in every seven-day period or, where allowed by national law, two days off in every 14-day period.
- Working hours may exceed 60 hours in any seven-day period only in exceptional circumstances where all the following are met:

This is allowed by national law.

- This is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce.
- Appropriate safeguards are taken to protect the workers' health and safety; and the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents, or emergencies.

No discrimination is practiced

There is no discrimination in hiring, compensation, access to training, promotion, termination, or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

Regular employment is provided

- To any extent possible work performed must be based on a recognised employment relationship established through national law and practice.
- Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or homeworking arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

- No harsh or inhumane treatment is allowed
- Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

Legal Requirements

- SMI is committed to full compliance with the laws and regulations in each procurement location where SMI conducts business and will not knowingly operate in violation of any such law or regulation.

Communication and Principles of the Code

- The factory must post the SMI Code of Conduct (in the local language, where necessary) to a public place for all workers to view.
- The factory has clearly communicated the SMI Code of Conduct to all workers and workers who understand the provisions of the code.

Environmental Requirements

- Suppliers should ensure they treat the local environment with respect and meet all the relevant local and national regulations.
- Suppliers should introduce an Environmental policy and must allocate Environmental responsibility to a senior manager.

Subcontracting

- Suppliers must obtain written approval from SMI before any new factory or subcontractor is used to produce SMI goods.
- Suppliers must keep a register of all sites manufacturing SMI goods and disclose this to SMI.
- Suppliers must ensure that all subcontractors comply with the SMI Code of Conduct.

Monitoring and Review

- This policy will be reviewed on an annual basis by the ESG Manager, CEO and Senior Leadership Team.

Related Documents

- 30002 | Modern Slavery Statement
- 30006 | Child Labour and Young Worker Policy
- 30007 | Migrant agency worker

- 30009 | Code of Business Conduct and Ethics
- 30010 | Equality and Diversity

Version control

Version:	Detail:	Approved by:	Date:
1.0	First Issue following policy introduction and annual reviews	CEO	May 2019
1.1	Annual review	CEO	Last approved 2022
1.2	Worked with third party updating policy, implementing new principles and practices aligning with business ESG strategy	Head of ESG	September 2023
1.3	Updated Policy to new document layout.	Head of ESG	March 2024
1.4	Policy annual review	Head of ESG	February 2025

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