

# Supply Chain Sustainability Policy



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# INTRODUCTION

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Somika is aware of its responsibility in the supply chain arising from the international market and its business volume. Somika promotes, establish, and maintains high responsible business standards with its suppliers, promoting compliance not only with respect to product and/or service quality standards, but also with respect to legislation as well as ethical, social, environmental and privacy standards throughout its supply chain.

This framework has its origins in the Business principles which constitute reference in the relationship of the Company with its different stakeholders, and the commitment taken on by Somika with sustainable Management in the supply chain.

This framework is aligned in accordance with international norms such as the Governing principles for companies, the UN Universal Declaration of Human Rights, The International Labor Organization conventions, The UN Convention on the Rights of Child, OECD (Organization for Economic Co-operation and Development), and ISO (International Standards Organization) criteria.

This framework is not only in line with the vision Somika has in terms of sustainability and risk management but also with a strategic business position in which we consider as extremely important:

- The establishment of stable and mutually beneficial relationship with our suppliers
- Compliance with applicable legislation as well as with standards regarding ethical and responsible behavior and social, environmental and privacy matters, not only by the Company itself and its employees, but also by its business partners.

It also reinforces our commitment with United Nations Initiatives of Global compact, the Sustainable Development Goals, and the defense of Human Rights



## SCOPE OF APPLICATION

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This policy has the character of a corporate Policy and, therefore, is applicable to all Somika Group companies. This framework applies to all purchase of products and services for Somika Group, regardless of its operations geography.

Similarly, it refers to the entirety of the Somika Copper & Cobalt Group supply chain, applying to both direct and indirect suppliers. This implies the supplier will respond jointly and severally, and without limits, for any breaches of the minimum standards included in this framework.

**To ensure internal accountability, NO sourcing-related or warehousing decision of external material shall be accepted without consulting and collaborating with the Somika Due Diligence structure.**

Somika is committed to acting with rigor, objectivity, transparency, and professionalism in its relationship with its suppliers, and specifically with:

- Always act ethically and responsibly
- Fulfil the commitments made to suppliers.
- Using mechanisms that promote reasonable transparency in procurement management especially, in the negotiations with suppliers and in the decision-making process for the awarding of the procurement, allowing suppliers to raise any questions that they may have, avoiding any actions that might be interpreted as dishonest, including situations of conflicts of interest or situations that generate undue advantages for the company.
- Using equal opportunity to all suppliers involved in a specific procurement process, basing the selection of suppliers, the awarding of purchases and other decisions on objective criteria.
- Encourage a culture of sustainable business among our suppliers.
- Working with our suppliers to ensure compliance of our minimum standards for sustainable and supporting continuous improvement.
- Evaluating compliance to the minimum standards for sustainable business. This verification may be carried out through information provided by the supplier and/or through on-site visit/audit
- Any company or organization that wishes to be considered as a Somika Group supplier must comply with the minimum standards for sustainable Business and always transfer the demand for compliance with the minimum standards for sustainable business to its subcontractors. Any breach of the standards by a suppliers will be considered a breach of contract, allowing for Somika group to end its commercial relationship with the supplier and giving Somika the right to demand all damage and liability which Somika may incur as a result of the breach and/or contract termination.

It is the responsibility of suppliers to appropriately communicate this policy and ensure that their employees and subcontractors are adequately trained on it and to operate procedures and standards that allow them to maintain compliance to it.

## MINIMUM STANDARDS FOR SUSTAINABLE BUSINESS

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To fulfil our responsibility commitment throughout our value chain, we expect our suppliers to comply with our Business Principles, which are based on the respect for and promotion of Human Rights as well as basic values; Integrity , commitment and transparency, or equivalent principles of their own. This commitment entails compliance with the following criteria.

## **1. Respect for the Law as a common criterion to the rest of the criteria**

Compliance with Law: suppliers must always comply with applicable international, national, or local regulations. Where Somika minimum standards are higher than applicable regulation, then it must be applied.

## **2. Ethical and responsible criteria**

### **Anti-Bribery & Anti-Corruption:**

Somika works in accordance with the Legal legislation, professional ethics, and internal rules, not accepting any form of corruption, extortion or bribery. Suppliers will actively and consistently fight against any type of influence contrary to law or ethics with respect to the decision of Somika or other companies and institutions and will act against corruption in their own company. This includes prohibiting all forms of bribery and not permitting person to promise, offer or give any benefit or advantage of any nature to any person for the purpose of influencing decisions of any kind (including governmental, administrative, or judicial) or obtaining undue advantage, or offering or accepting gifts entertainment or other incentives that may reward or influence a business decision.

### **Conflict of interest:**

Somika believes that the relationship with its suppliers should be based on loyalty that stems from common interest. In this regard, suppliers must maintain mechanism to avoid situations of conflict of interest and to guarantee independence in the actions carried out within the framework of their relationship with Somika and their full compliance with applicable legislation.

A conflict of interest is any situation in which the interest of Somika and the interest of the supplier, of persons employed by the supplier of persons and entities linked to them collide, directly or indirectly.

### **Human Rights:**

As part of its commitment to Human Rights, Somika conducts a due diligence process to avoid causing, avoid contributing or being linked to human rights violations. To minimize any possible risk in this regard in the supply chain, suppliers shall implement internal process to identify, avoids and mitigate possible adverse impacts of their activities on human rights.

## **3. Social Criteria**

### **Labor relationship:**

The work done by the employees of the supplier must be based on a recognized labor relationship established in accordance with all applicable legislation, The obligations of the company with respect to its employees regarding labor or social security norms will not be avoided. Abuse of service provision contracts or recurring use of subcontractors, to avoid legal obligations will not be allowed. Workers must be provided with a written employment agreement in their native language. Workers shall not be required to pay employers' or agents' recruitment for 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.

### **Working Hours:**

Suppliers' standards working hours shall respect national legislation and industry reference standard, with the criteria that offer highest levels of protection for the employee prevailing with at least one day off per week on a regular basis. Overtime required by the employer shall be voluntary, shall not be requested on a

regular basis, and shall always be compensated at a special rate. According to ILO Convention<sup>1</sup>, these provisions are aimed at functions other than supervision and/or management. Supplier shall encourage respect for the Right of Digital Disconnection during daily and weekly rest periods, leave, holidays or other, as well as respect of personal and family privacy beyond the working time legally or conventionally determined.

### **Salaries:**

Employees' remuneration must meet or exceed national or, where applicable local minimum pays at least minimum wage required by the law in force in each country for normal working hours, overtime and the differential corresponding to overtime.

### **Violence and Harassment at work:**

Supplier will promote a ZERO-TOLERANCE environment for violence and harassment. Abuse or discipline by physical means, threat of physical abuse, sexual or other harassment, verbal abuse, or other forms of discrimination are prohibited.

### **Forced Labor and Trafficking in Persons:**

Labor shall not be carried out in conditions of any possible forms of possible modern slavery, nor shall it be involuntary or forced. Workers are not required to give "deposits" or identity document to their employers and will be free to leave jobs upon legally established notice.

### **Child and Young Person labor:**

The supplier shall guarantee that there is no child labor in its activities or its own supply chain. In cases where supplier is forced to eliminate a situation of child labor it will take place in a manner consistent with the best interests of concerned children. Recruitment shall be in accordance with the provisions of ILO Conventions 138 "on the minimum age for admission to employment" and 182 "on the prohibition and immediate action for the elimination of the worst forms of child labor" and shall be consistent with the UN Convention on the Rights of the Child.

### **Freedom of association and the right to collective bargaining:**

Workers of the supplier and its subcontractors shall have the right to form and join trade unions and collectively bargain in accordance with the national law. Employer shall establish relations of collaboration and mutual trust with the local and international trade unions present in different operations. Worker's representatives shall not be discriminated against and may perform representative functions in the workplace.

### **Diversity, Inclusion and Non-discrimination:**

Supplier will internally promote diverse teams, guaranteeing the same opportunities among its employees. It shall pursue a policy of equality and there shall be no discrimination in recruitment, compensation, access to training, promotion, termination or retirement on grounds of gender identity, ethnic origin, caste, color, pregnancy, family status, national origin, religion, age, disability, sex, marital status, sexual orientation, trade union membership or political affiliation or any other circumstance.

Workers shall not be subjected to medical tests or physical exams that could be used against them in discriminatory ways.



## **Health & Safety:**

Supplier shall provide its employees with a safe and healthy working environment, considering local, national, and international standards and in accordance with the specific hazards/risks of each activity.

Adequate measures must be taken to prevent injury and the occurrence of accidents, related to or occurring during, minimizing the causes of the dangers inherent to the activities and work environment.

Supplier shall provide its employees with appropriate tools for their activity, as well as any Individual or Collective Protective Equipment necessary to ensure safe working conditions considering the risk level to which they are exposed.

Workers shall receive training regarding Health and safety that enables them to identify any dangers associated with the activity and the work environment, and the practices necessary for minimizing the risks. Access to clean toilets, fresh water and sanitary facilities for the storage and consumption of food will be provided to workers.

The company will assign a senior Management responsible for Health and safety. If any accident occurs, or any public health issues which affect the supplier, they will immediately inform Somika.

Supplier will enforce or be in the process of enforcing Health and safety policy and procedure that satisfy the requirement of ISO 45001, or other international recognized standards.

Policies and procedures shall be in place to manage, minimize, track, and report occupational safety risks, industrial hygiene risks and occupational injuries and illnesses.

Emergency preparedness plans will be established and maintained aimed at minimizing harm to life, the environment and property.

## **Minerals originating from areas affected by conflict and high risk (conflict Minerals):**

Supplier shall operate clear policy and process to ensure that they are compliant with the OECD Due Diligence for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas with the aim of improving transparency about the origin of the minerals in our value chain.

## **4. Environmental Criteria**

### **Compliance with the law:**

Supplier shall always act in compliance with international, national, and local environmental legislation, especially in terms of waste, energy, emissions, noise, resource consumption and hazardous substances.

### **Life cycle and prevention action:**

Supplier must apply the principle of caution, to minimize the possible environmental impact of its activity.

### **Environmental Policy:**

Supplier shall operate under a documented environmental policy that included commitment to protect the environment, biodiversity, comply with all applicable laws, and continuous improvement

### **Environmental management:**

Supplier shall operate or have a plan to operate, a documented environmental management system that guarantees the effective planning, management, and control of its environmental impacts.

**Climate change:**

Supplier will take action to minimize the impact of its activities on climate change considering in its planning for such action the entire supply chain. It should work to reduce its greenhouse gas emissions by setting reduction targets.

**Waste:**

Supplier must have systematic processes for waste management, especially those arising from its activities with Somika, giving priority whenever possible to reuse and recycling treatments, with the aim of contributing to the circular economy.

**Single Use Plastic:**

Suppliers and partners should act to reduce their use of SUP in their supply to Somika and in their internal operations wherever possible.

**Eco Rating:**

Mobile devices suppliers must provide the complete results of the evaluation of each of the device models, resulting from the application of Eco Rating methodology.

**Hazardous substances:**

Suppliers will comply with all laws, regulations, and requirements with respect to the prohibition or restriction of dangerous substances. Hazardous products must be identified and managed to ensure their safe use, recycling or reuse and disposal.

**Cooling Gases:**

Supplier shall not supply equipment containing ozone-depleting gases (such as CFC or HCFC) nor shall it refuel with these gases.

**Environmental Training:**

Supplier must have and implement an environmental training plan for those employees performing tasks involving significant environmental impact. The plan must focus on how to manage environmental aspects associated with their tasks, as well as on how to act in cases of environmental emergencies.

**5. Criteria for privacy, confidentiality of information and freedom of speech**

The supplier will inform as to whether it has a policy that includes privacy principles reflecting its commitment to protect the personal data entrusted to it, whether of customers, shareholders, employees or suppliers, in accordance with applicable personal data protection legislation (international and local) and Somika's instructions, committing to:

- Process personal data only in accordance with Somika's instructions and under no circumstances for its own purposes.
- Under no circumstances use the information provided for any purpose other than that for which it was provided.
- Not to communicate personal data to third parties, unless authorized by Telefónica.
- Not reveal to third parties (and to ensure its employees and subcontractors do not reveal) any information or confidential material to which it may have access to via its relationship with Somika.



- Destroy or return both the information and, where applicable, the personal data subject to processing once the service is terminated by means of a procedure with maximum guarantees, without keeping any copy of the same and without any external person, physical or legal, having knowledge of the data.

### **Responsible business channel**

Suppliers and their employees may raise queries or complaints regarding the compliance of these minimum standards for sustainable business through our confidential channel available at the Supplier's Website

### **Definitions**

#### **Supplier:**

For the purposes of this code of conduct, the term "supplier" means any company, entity, business partner - such as franchises and other marketing channels - or legal person, that provides any service and/or product to Somika.

#### **Supply Chain:**

A company's group of suppliers, including both those directly supplying the company and those who supply said suppliers all the way through to the last link in the chain.

#### **Child:**

Any person under the age of 18, unless local legislation establishes a higher age for mandatory work or schooling, in which case the highest age will be apply. In cases where local legislation sets the minimum age at 18 years old, this younger age will be applied in according to what is described in Convention 138 of the ILO for third world countries.

#### **Young person:**

Any person older than a child, according to the previous definition, and who is younger than 18 years of age.

#### **Child labor:**

All work performed by a child or young person, that does not comply with the dispositions of the pertinent ILO norms, and all work that may imply a risk or interfere with the education of a child or young person, or could be damaging to the health or physical, mental, spiritual, moral, or social development of a child or young person

#### **Conflict Affected Minerals:**

Minerals that were extracted from the Democratic Republic of the Congo conflict Zones, Angola, Burundi, Central African Republic, Southern Sudan, Tanzania, Uganda, Zambia, or any other Country considered as conflict area in the future.

## **REPORTINGS**

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This Supply Chain Due Diligence Report fulfils our reporting expectations and is available on Somika website ([www.somika.com](http://www.somika.com))