

Ethical Policy

1. Introduction

Nanomagnetics Instruments (NMI) has created an Ethical Policy in order to ensure that both its organisation and its suppliers manufacture and supply safe, legal products that meet statutory and customer requirements and that business is conducted in accordance with Industry and internationally approved Standards of good ethical, employment and environmental practice.

The Ethical Policy is designed to ensure that NMI, its partners and its suppliers operate within the principles and guidelines as laid down in the Policy.

The procedures contained in this document ensure that NMI operates best practice in the application of the Policy and ensures that NMI abides by its core principles.

NMI conducts its business according to the standards of good ethical, employment and environmental practice contained in this policy. NMI expects its suppliers and partners to operate on the same principles. Specifically, NMI expects its suppliers (and their sub contractors) to observe best practice and continuing improvement in the fields set out below, and in any other areas notified by NMI from time to time.

2. Scope of Application

This code is to be applied within NMI and to direct suppliers, who in turn will be required to supervise their suppliers and sub-contractors in the same terms.

NMI accepts that it may be difficult to exert control or influence over small volume or short term suppliers but will take all reasonable steps to ensure compliance within this part of the supply base.

Where NMI deals with large company suppliers (over which it cannot reasonably exert control or influence) which operate their own Social Codes of Conduct, NMI will expect those companies to demonstrate the conformance of their supply base to the company's code. NMI will not necessarily expect these companies to operate to the NMI Social Policy. NMI does not expect companies' codes to apply outside their own scope of reasonable control and influence.

3. International and National Laws

In applying this code NMI requires adherence to the specific requirements for social accountability as laid out in the International Standard - Social Accountability 8000 (SA8000) and that the following International Instruments (Conventions and Recommendations) be followed:

- ILO Conventions 29 and 105 and Recommendation 35 (Forced and Bonded Labour)
- ILO Conventions 100 and 111 and Recommendations 90 and 111 (Equal Remuneration for male and female workers for work of equal value; Discrimination in employment and occupation)
- ILO Convention 138 and Recommendation 146 (Minimum Age).
- ILO Convention 155 and Recommendation 164 (Occupational Safety and Health)

- ILO Convention 159 and Recommendation 168 (Vocation Rehabilitation and Employment/Disabled Persons)
- ILO Convention 183 (Maternity Protection)

Companies applying this code are expected to comply with national and international laws as applicable and, where the provisions of law and this Code address the same subject, to apply that provision which affords the greater protection.

Each NMI direct supplier shall put in place a system to identify all of the relevant ILO Conventions (and Recommendations), international, national and regional laws and any other requirements referenced by this Code. They will be expected to pass this information onto subcontractors and suppliers as appropriate.

4. Employment of Appropriate Workers

a) NMI requires that no forced, bonded or involuntary prison labour be used to produce goods, wholly or in part. Workers shall not be required to lodge deposits, or their identity papers, with their employers.

b) No worker shall be employed under the minimum age established by local law or the age at which compulsory schooling ends in the country, whichever is the greater. In any event, children under fifteen, or the minimum working age according to International Labour Organisation (ILO) exemptions (under Convention 138), shall not be recruited or employed.

5. General Employment Practices

NMI requires that:

a) There is compliance with local legislation regulating employment and working conditions.

b) Employee working hours comply with local legislation and standards and in any event are not regularly more than 45 standard working hours per week.

c) Part-time or temporary employment complies with local legislation.

d) Employees are paid in accordance with local legislation, specifically including any minimum wage, allowances and benefits.

e) All local legislation for sick leave, child care, emergency leave, pregnancy leave, holiday leave and statutory holidays and any similar issues are observed.

6. Working Environment

NMI believes that products should be manufactured in a safe, hygienic working environment. It therefore requires that the working conditions in places of work comply with the following standards:

a) All national and local health and safety laws and all of the relevant requirements of ILO convention 155.

b) Assigning of a senior management representative to be responsible for health and safety issues.

c) Establishment of a Health and Safety Committee on which local management, workers and/or their organisations must be represented.

d) Written health and safety policies shall apply to all work places.

e) No employees shall be subjected to unhealthy or unsafe working conditions and all necessary safety equipment (including personal protective equipment) should be provided free of charge. Fire exits shall be adequate and well identified.

- f) Young people under 18 shall not be expected to work at night or under potentially hazardous conditions.
- g) No one shall be employed in potentially hazardous conditions without receiving adequate safety training and supervision. First aid training should be provided.
- h) Provision for all personnel of clean bathrooms, access to potable water, and, if appropriate, sanitary food storage facilities.
- i) Where appropriate, employees' living quarters, and food and clothing allowance should be of a standard comparable to that provided by employers locally.

7. Respect for the Individual Worker

NMI requires compliance with management practices which recognise the dignity of the individual and the right to a workplace free of harassment, abuse and corporal punishment.

The company shall not allow behaviour including gestures, language and physical contact that is sexually coercive, threatening or exploitative.

Disciplinary practices shall be clearly set out and communicated to workers. They shall not involve the use of corporal punishment, mental or physical coercion and verbal abuse. Workers shall have the right of appeal and representation at disciplinary hearings.

8. Environmental Standards

- a) Compliance with all relevant environmental standards and legislation requirements.
- b) NMI is committed to sound environmental practices: it will therefore select NMI dedicated to making continuous efforts to reduce the impact of their operations on the environment.

9. Ethical Standards

NMI requires all its suppliers and partners to conduct their businesses in an ethical manner. No contract will be entered into with any supplier or partner engaged in bribery, kickbacks or the provision of gifts, favours or services to gain a competitive advantage with NMI or any third party.

10. Equal Opportunities

NMI operates an equal opportunities policy. All suppliers must confirm that they do not discriminate in hiring, salary, benefits, advancement, provision of training, termination or retirement (or otherwise interfere with the rights of individuals to observe tenets or practices, or to meet their needs) on the basis of any of the protected characteristics within the meaning of the Equality Act 2010 namely age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

11. Breach of these conditions

- a) All suppliers and sub-contractors are expected to achieve compliance with this code within a reasonable timeframe as agreed by NMI.
- b) It is recognised that observance of some provisions of the code may not be immediately realisable in some cases. Some suppliers may not be able to meet all requirements within a short time and in some cases they may be constrained by national law. Reasonable timeframes and the existence of any constraints not controllable by the supplier may be taken into account by NMI when evaluating compliance. Failure to apply rapid corrective action with respect to certain standards (such as, but

not necessarily limited to, the use of forced, bonded or involuntary prison labour, the use of physical abuse or discipline and intimidation) will result in immediate termination of the contract.

c) Where compliance is not achieved, NMI will no longer continue to place business with this supplier.

12. Responsibility Documentation and Inspection

a) All suppliers are expected to maintain on file such documentation as may be needed to demonstrate compliance with the requirements of this Code of Conduct.

b) NMI may conduct audits regularly at all facilities used to produce its components, including the facilities of sub-contractors, to determine whether the requirements set out above have been met.

c) A named Senior Manager (a member of the board or equivalent) shall be given responsibility for ensuring that these requirements are understood and complied with.

d) This policy will become part of NMI's Purchasing Terms and Conditions.

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Nanomagnetics Instruments Ltd.

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