

Corporate Labor and Human Rights Procedure - SOP727

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1. PURPOSE/ SCOPE

1.1 Purpose

This procedure sets the framework for deploying ST's Labor and Human Rights practices throughout the company.

1.2 Scope

It covers the social aspects of human rights in ST operations and supply chain. It does not cover the environmental aspects.

2. ORGANIZATIONAL UNITS AFFECTED

This procedure is applicable to all ST entities, employees and workers¹⁷, including temporary¹⁵, migrant⁹, student¹⁴, dispatch, outsourced, contract and any other type of worker.

In addition, all ST entities must ensure that their management of suppliers and subcontractors includes the labor and human rights elements detailed in this procedure.

3. POLICY STATEMENT

Each ST organization, each ST employee and each on-site worker is required, without exception, in their personal behavior, and in the manner they conduct business, to:

- Respect ST's Code of Conduct
- Comply with all applicable national and local laws.
- Respect and promote labor and human rights, based on accepted international laws and practices such as the United Nations Global Compact, the Responsible Business Alliance (formerly the EICC) Code of Conduct and the International Labor Organization (ILO) conventions.

In addition, all ST employees must strive to ensure that the company fulfils its responsibility to respect human rights in all business relationships, including dealings with suppliers, subcontractors and customers.

4. GENERAL PRINCIPLES

The following principles are covered by this procedure:

- Freely chosen employment
- Prevention of underage labor and protection of young workers
- Organization of working time
- Fair wages and benefits
- Fair treatment and anti-harassment
- Non-discrimination
- Freedom of association
- Working conditions and employee well-being
- Privacy of personal information

A [APPENDIX](#): Glossary explaining the terms used is provided at the end of the document.

References

- [ST Code of Conduct](#)

- ST Human Resource Policy (P7.1)
- ST Social Responsibility Policy (P7.2)
- United Nations Declaration on Human Rights (1948)
- Core conventions of the International Labor Organization (ILO)
- United Nations Global Compact (1999)
- Responsible Business Alliance's Code of Conduct

5. PRACTICE

5.1 Principles

5.1.1 Freely chosen employment

Forced labor shall not be used, including bonded and trafficked labor. Working for ST is voluntary and employees are free to leave ST upon their contractual or statutory notice period.

As part of the hiring process, workers¹⁷ must be provided with a written employment agreement that contains a description of terms and conditions of employment in a language they can understand. For migrant workers⁹ the written agreement must be in the native language¹⁰ and be provided prior to the worker departing from his or her country of origin.

A probationary period must be set in accordance with national and local laws, and in the absence of local law must not exceed 3 months. In the case of operators, the probationary period must never exceed 3 months.

Workers must not be required to surrender any government-issued identification, passports, or work permits as a condition of employment, unless the holding of work permits is required by law. ST and any labor agencies used to recruit employees must not hold or otherwise destroy, conceal, confiscate or deny access by employees to employees' identity or immigration documents, such as government-issued identification, passports or work permits.

ST is responsible for payment of all fees⁴ and expenses for migrant workers associated with joining the company that would have the effect of bonding the worker. All fees should be paid directly by ST to labor agencies. If a case is discovered where fees have been paid by the employee, the employee must be reimbursed either directly in full or as repayment installments within a maximum of 30 days. The fees must be recorded in employee personal files. ST must communicate these standards to local labor agencies and verify their compliance at least on a yearly basis.

ST is responsible for the payment of all repatriation fees for migrant workers upon completion of the contract, including when the notice period is not respected, or on termination of the contract due to illness, incapacity or violation of workers' rights. This requirement does not apply if the migrant worker resigns to work for another company in the country. If the contract was terminated for misconduct, and a deduction of repatriation fees is authorized by law, the deduction must not exceed the legal limit or be greater than 1 month's net wage, whichever is stricter.

ST may accord personal financial loans to employees for exceptional expenses such as medical costs or the purchase of a car. For all loans accorded by ST, the interest rate must not exceed national set interest rate and the monthly repayments must not exceed 10% of the employee's monthly wage¹⁶.

It is forbidden to request any employee to repay training fees directly related to internal training conducted on ST premises, on departure from the Company.

In the context of their duties and working hours, workers shall not be unreasonably restricted in their movement within company facilities, including residences provided by ST, except for safety, security or confidentiality reasons.

5.1.2 Prevention of underage labor and protection of young workers

ST does not employ people under the age of 16 years. Young workers¹⁸ between the age of 16 and 18, shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. ST must not conclude business agreements with suppliers or subcontractors employing anyone under the age of 16.

ST must ensure proper management of students¹⁴ (interns, apprentices, student workers¹⁴ or any other student status) through rigorous due diligence of educational partners, protection of students' rights in accordance with applicable law and regulations and proper maintenance of student records. ST shall provide appropriate support and training to all students. In the absence of local law, the wage rate for student workers, interns and apprentices must be evaluated according to the work performed compared to other entry-level workers performing equal or similar tasks.

The use of legitimate workplace apprenticeship learning programs, which comply with all laws and regulations, is supported.

5.1.3 Organization of working time

Working hours are limited to a maximum of 60 hours per week including overtime. A working week is not to exceed the maximum set by local law and must never exceed 60 hours including overtime, except in emergency or extraordinary situations³.

Workers¹⁷ must have at least one day off every seven days, which is 24 consecutive hours off in the same calendar day after six consecutive days of work.

Overtime is on a voluntary basis or in the case of emergency or extraordinary situations³, upon management request when volunteers are not sufficient to cover the business need, in full compliance with local legislation and collective bargaining agreements.

Breaks must be in compliance with local laws. In the absence of local laws, sites must conduct an ergonomic assessment to define suitable break periods.

5.1.4 Fair wages and benefits

ST seeks to offer a competitive compensation and benefits package based on industry survey results in the regions where we operate. At a minimum, ST complies with all applicable wage laws and collective bargaining agreements, including minimum wages, holidays, vacation, personal leave, and legally mandated benefits.

All time worked must be paid. Workers¹⁷ must be paid in a timely manner and in accordance with local laws including in the case of resignation. All workers¹⁷ must receive an itemized pay slip for every pay period, showing the basis on which they are paid.

Operators and non-exempt employees are compensated for overtime and work on public holidays at pay rates of at least 125 percent of regular hourly rates.

When a contract is terminated, all due wages must be fully paid and any deduction documented.

Wage¹⁶ deductions are permitted for the following situations.

- Late arrival or work suspension due to disciplinary measures - the wage deduction must be proportional to the reduction of working time.
- Resignation and a notice period not respected – in addition to the wage deduction which is proportional to the reduction of working time, if authorized by the law, a penalty deduction can be made within the legal limit but it must never exceed 60% of the monthly wage. Penalty deductions are forbidden for migrant workers.

Further deductions from wages as a disciplinary measure are not permitted.

5.1.5 Fair treatment and anti-harassment

All workers¹⁷ must be treated fairly. ST does not tolerate any mistreatment of a worker by another worker, and this includes verbal, psychological, sexual or physical bullying and harassment, or any behavior which disrupts or interferes with another's work performance or that creates an intimidating, offensive or hostile environment.

5.1.6 Non-discrimination

ST maintains a culture free of discrimination, where individuals are treated with respect and dignity, regardless of their race, color, ethnic background or national origin, age, gender, physical characteristics, disability, political opinion or affiliation, religion, gender identity and expression, sexual orientation, marital or maternity status or union affiliation, or any other non-job-related personal characteristic.

ST is committed to attracting, developing and retaining its workforce respecting diversity and providing equal opportunities to all employees based on their behavior, skill and abilities. Decisions concerning recruitment and selection, job assignment, remuneration, rewards, opportunity for training and development, and transfer or promotion must be based on a fair assessment of an individual's qualifications, skills and ability, as well as past and current performance.

Job applicants must not be subjected to pre-employment medical tests (including pregnancy tests) except if required by law. Workers¹⁷ must not be subjected to medical tests (including pregnancy tests) or physical exams that could be used in a discriminatory way. Medical test results must be kept confidential and maintained by third party medical services.

If a significant number of religious followers request to accommodate religious practices in the work place, and if permitted by local law and culture, the site may put reasonable measures in place to allow workers to meet their religious obligations. Requests may be refused for safety or security concerns, or impact on: business operations, operating costs or other stakeholders. In the case where the request cannot be met, the site must provide a documented answer in a timely manner.

5.1.7 Freedom of association

Workers¹⁷ are free to choose whether or not to organize and join lawful associations including trade unions. ST does not, restrict or interfere with workers' efforts to join a lawful association of their choice, and this includes any behavior that involves threatening, interrogating, spying on, penalizing or discriminating workers. In addition, ST does not interfere with or finance (directly, indirectly or through in-kind gifts or benefits) any employee representative, organization or trade union.

ST respects the right of all workers to associate freely, to form and join trade unions of their own choice, to bargain collectively and to engage in peaceful assembly, in accordance with ILO Conventions. Workers and their representatives shall be able to communicate openly with each other and with management regarding working conditions without fear of reprisal, intimidation, discrimination or harassment.

5.1.8 Working conditions and employee well-being

ST is committed to providing a safe and healthy work environment conducive to worker¹⁷ well-being by meeting international standards for health and safety management systems on top of local and international legal requirements. ST encourages proactive attentive and safe behavior in the workplace and encourages worker suggestions to eliminate the potential causes of accidents or injury.

Health and safety related information must be clearly posted in the facility and workers must be provided with an appropriate workplace health and safety training in a language they can understand.

ST provides a safe and clean environment for employees who live in residences provided by the company, as described in our corporate procedure: Processes and standards for workers dormitory.

5.1.9 Privacy of personal information

ST respects and protects the confidentiality of personal employee information against unauthorized use or disclosure. Personal data can include such items as contact information, health and medical information, birthdates, and other similar information. We comply with relevant privacy and data protection laws in the locations where we operate and we obtain personal information legally.

Individuals are provided with reasonable access to their personal information and are given the opportunity to review and correct it where appropriate. Sharing of personal information is limited to those situations where ST has a legal obligation to do so, or where the employee has authorized ST to share the information, or on a need to know basis with authorized parties.

Information relating to employees or to business partners must be acquired ethically and lawfully; it must be used solely for the purpose to which the parties concerned have consented. ST entities must take the necessary steps to protect the confidentiality of such information.

All employees are required to maintain the confidentiality of protected or sensitive information acquired in the course of their work, except when such disclosure is either duly authorized in compliance with ST policies or legally required.

5.1.10 Reporting of violations and promise of non-retaliation

ST promotes a “speak up” culture, allowing everyone to express, in good faith and without fear of retaliation, any concern they might have of a potential violation of Company policy or values.

All workers¹⁷ must be aware of the channels available to them to report any case of potential non-compliance with this procedure. The reporting of issues must follow the process described in the [ST Code of Conduct](#) and SOP 1521 Reporting of misconduct.

5.2 Management System

A management system is defined at corporate level and deployed on all major sites to mitigate risks and ensure compliance with ST's Code of Conduct, customer requirements, laws and regulations and the RBA Code of Conduct.

Sites also have the obligation to define and maintain local procedures and communicate them to their workers. They must also keep records to ensure regulatory compliance and conformity to this procedure.

5.2.1 Roles and responsibilities

The Corporate Social Responsibility group is responsible for defining the management systems. Site Management is accountable for local compliance to this procedure, the Human Resources Director is responsible for supporting the deployment and the Sustainable Excellence Coordinator is responsible for coordinating the programs.

5.2.2 Risk management

Major ST sites⁸ must conduct regular risk assessments to identify the labor and human rights risks associated with local operations. The risk assessment must include psychological risks such as stress and burnout. Identified risks must be assessed according to their likelihood and impact, and the appropriate corrective actions and controls put in place.

5.2.3 Self-assessment

Major ST sites⁸ are required to annually complete a self-assessment questionnaire (SAQ¹³) based on the RBA's Code of Conduct. The site's Sustainable Excellence Coordinator is responsible for managing the self-assessment and completing the SAQ.

Each site has an obligation to analyze its annual SAQ score, identify weaknesses and propose and implement actions for improvement.

These SAQs are made available to customers upon request.

5.2.4 Audit program

Based on the local risks relating to labor and human rights ST sites may be designated as a Priority site¹² and required to conduct 3rd party RBA audits to monitor and control the level of social performance. The site's Sustainable Excellence Coordinator is responsible for coordinating the social responsibility audits and the resulting Corrective Action Plan (CAP). Each corrective action must be agreed and committed by management with a timeline and auditable outcome. The results of the audits and the CAP are made available to customers upon request.

Any customer request to conduct a 2nd party audit on an ST site, must be submitted to the Corporate Social Responsibility group prior to any site agreement. ST's position is to share our RBA 3rd party audit results rather than accept a customer audit request.

5.2.5 Customer requirements

Customer Requirements are systematically analyzed by sales representatives and the Corporate Social Responsibility group according to SOP 274 Customer Requirements Review and Approval.

Once accepted customer requirements are integrated into ST's policies for deployment. Sites have no obligation to comply directly with customer specifications or requirements.

5.2.6 Supply chain management

ST entities must ensure that their management of suppliers and subcontractors includes the human rights elements detailed in this procedure through the appropriate local deployment of the Responsible Business Alliance (RBA) Code of Conduct in line with the Company's corporate framework for RBA implementation.

- **Commitment to the RBA Code of Conduct**

ST suppliers and subcontractors must sign a letter of engagement agreeing to comply with the RBA Code of conduct, or equivalent, according to SOP 1026 Vendor Introduction and revalidation.

- **Self-assessment**

Key corporate suppliers and subcontractors must complete an RBA Self-Assessment Questionnaire. Local suppliers are requested to complete a self-assessment based on the level of risk determined in accordance with Corporate Social Responsibility, Quality and Purchasing guidelines.

- **Verification and audits**

If a risk of non-compliance for Labor and Human Rights is identified either in the key corporate suppliers and subcontractors, or local on-site suppliers, then a verification must be done.

The appropriate level of verification is based on the level of risk determined in accordance with Corporate Social Responsibility, Quality and Purchasing guidelines. It ranges from an interview, visit or inspection to a full ST 2nd party or RBA 3rd party audit and Corrective Action Plan.

5.2.7 Local procedures

Each site is required to ensure that any existing Local Operating Procedures (LOP) are aligned with this procedure.

In addition, each Priority site¹² must have one or more specific Local Operating Procedures which cover the subjects described in this procedure. The LOP must:

- Be aligned with local law and collective agreements
- Include a process for identifying and complying with new local laws which impact labor and human rights
- Describe the local procedure for reporting violations of Company policy or values and related concerns, including this procedure.
- Contain an explicit reference to the misconduct reporting contact (email and phone number).
- Describe the procedure for remedial action in the case of violations
- Be specific concerning the personal consequence for non-compliance (disciplinary measures), including any abuse of the reporting line itself, such as false accusations.
- Be in English or the site local language and communicated in the local native language¹⁰ to:
 - All employees through relevant local communication channels and training programs.
 - All new hires when they join ST, together with ST's Code of Conduct.
 - Recruitment and labor agencies and included in contractual requirements.

5.2.8 Training and communication

All Major sites⁸ have the obligation to provide an annual refresher on ST's Code of Conduct to all employees. Local training can be based on the Company's Code of Conduct e-learning.

All Priority sites have the additional obligation to train managers and employees on the subjects covered by this procedure and communicate clearly with workers in their native language¹⁰.

External communication on the subject of Labor and Human Rights is managed by the Corporate Social Responsibility group.

- The programs and performance are described in our annual sustainability report.
- Self-assessments and audit results are shared with customers upon request.

Any site wishing to communicate directly with a customer on the subjects covered in this procedure, should seek prior approval from the Corporate Social Responsibility group.

5.2.9 Performance

The Corporate Social Responsibility group is responsible for defining Company objectives and monitoring the performance through key performance indicators (KPIs).

Sites set their objectives in accordance with the Company's policy deployment framework (annual priorities, top page and sustainability strategy) and their performance is monitored through specific KPIs and reporting tools (for example working time and day of rest reports). They also have the obligation to close any corrective actions identified during audits.

5.2.10 Feedback and participation

To foster continuous improvement, each Priority site¹² must have an ongoing processes to assess employees' understanding of, and obtain feedback on, the practices and conditions covered by this procedure.

APPENDIX: GLOSSARY

1	CAP	Corrective Action Plan – each corrective action must be agreed and committed by management with a timeline and auditable outcome.
2	RBA	Responsible Business Alliance - a nonprofit alliance of electronics companies committed to supporting the rights and well-being of workers and communities worldwide affected by the global electronics supply chain. RBA members commit and are held accountable to a common Code of Conduct and utilize a range of RBA training and assessment tools to support continuous improvement in the social, environmental and ethical responsibility of their supply chains.
3	Emergency or extraordinary situations	Unpredictable events which cannot be planned or foreseen and they must be documented and recorded. Peak season production, ramp-up or public holidays cannot be considered as emergency or extraordinary situations.
4	Fees	Fees for application, recommendation, recruiting, hiring, placement, medical screening, work or residence permits and administrative, overhead, and processing fees of any kind, that occur at any stage of the recruitment process; during or after employment, and are paid to any parties, including agent, sub-agent, intermediary, or employer. See full definition
5	Key Corporate suppliers and subcontractors	Suppliers defined and managed by Global Procurement or delegates, who contribute to ST in specific segments as described in the Purchasing key process.
6	Labor agencies	Private Employment Agencies (PEA) or recruitment agents. A PEA is a private service enterprise, carrying out, in exchange of financial compensation, operations on behalf of enterprises, whose role is to facilitate access to employment or career progression by filling employment vacancies. A recruitment agent can be PEA, labor recruiters, labor brokers and any other third parties involved in the recruitment, selection, hiring, transportation and management of migrant workers in their sending or receiving countries.
7	Local on-site suppliers	Local suppliers representing the highest risk in terms of Corporate Social Responsibility and more specifically labor and human rights issues. It includes, but is not limited to, labor agencies, medical services, dormitory services, security services, cleaning services, canteen services and other on-site suppliers which are described in SOP 724. It also includes schools when there is a financial compensation in exchange of an educational program partnership involving student workers.
8	Major site	An ST site with > 800 employees and all manufacturing sites.
9	Migrant worker	A migrant worker can be a foreign migrant worker or an in-country migrant worker. A foreign migrant worker is a worker that migrates from his or her home country for specific purposes of employment. An in-country migrant worker is any worker that travels from one place to another place in the country of residence for specific purposes of employment. It excludes expatriated employees and workers with permanent residency or professional employees on short or long term assignments. Professional employees are defined as those engaged in work that is predominantly intellectual and varied in character as opposed to more routine mental, manual or physical work.
10	Native language	Local native language is the primary language the most represented on the site. In the case of foreign migrant workers it can be the language of the foreign migrant worker's country of origin or a language that the foreign migrant worker speaks and understands.
11	Night shift	Any work occurring between 22:00 and 06:00 or the established night period defined by the factory.
12	Priority site	An ST major site deemed at risk of non-compliance to this procedure, based on the local risks relating to labor and human rights.
13	SAQ	Self-Assessment Questionnaire from the Responsible Business Alliance.
14	Student	The main categories of students, regardless of age, are: <ul style="list-style-type: none"> • Intern: A worker in a short-duration, structured program undergoing supervised practical training to explore job options, learn and/or gain skills or competencies not occurring while they are attending school • Apprentice: A worker in a training program that combines vocational education with work-based learning for an intermediate occupational skill (i.e. more than routine job training), and that are subject to externally imposed training standards, particularly for their workplace component. • Student worker: A worker who is enrolled in a program at an educational institution, and employed for a work arrangement to support basic or routine job training (e.g. operator occupational skills) organized by the educational institution.
15	Temporary, dispatched, outsourced workers	A worker placed on-site for work through a Private Employment Agencies (PEA) and/or without a direct labor contract with the supplier or supplier facility. When contract is limited in time, he is a temporary worker.
16	Wage	Worker net wage or salary before tax and without other compensation and benefits.
17	Workers	Anyone who works on an ST site, including direct employees, students, temporary, dispatched, outsourced and migrant workers and on-site contractors.
18	Young worker	A worker between the age of 16 and 18.