

SHI environmental, social, and governance statement

Introduction

This policy sets out the general principles that SHI International Corporation and our affiliates (“SHI”) will follow to ensure that they are conducted in a sustainable manner. It sets out how SHI plans and manages our activities to achieve our corporate objectives and targets to comply with regulatory and legal requirements. It is addressed to all those involved in or affected by SHI’s activities and is designed to support SHI’s key objectives. SHI has committed to the UN Global Compact and is in alignment with the UN Global Compact’s universal sustainability principles. We are committed to sustainability at a corporate, culture, and policy level. We hold ourselves accountable to being proactive and solution-oriented in the effort to advance sustainable long-term growth in the world in which we live.

SHI is committed to acting responsibly, including in the way we buy and with whom we work. We evaluate and select our partners not only based on economic criteria. We consider environmental protection, compliance with human rights, labor and social standards, and anti-corruption.

SHI expects to fully comply with applicable laws and to adhere to internationally recognized environmental, social, and corporate governance (“ESG”) standards. Our approach is guided by the principles of the United Nations Global Compact, the United Nations Guiding Principles, human rights, and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

SHI is committed to:

- Setting targets and action plans to support this policy and continuously improve our practices.
- Giving preference to partners who have embedded sustainable and ethical practices in their organization and who drive such practices in their own supply chain.
- Our sustainable procurement team that focuses on supporting diversity and minority suppliers. SHI’s Sustainable Procurement Policy is available [here](#) for additional information.
- Identifying areas of higher risk and impact within our supply chain and engaging partners in these areas.
- Compliance with all applicable laws as well as the ten principles of the UN Global Compact.

Environmental

SHI has a long-standing commitment to environmental sustainability. We have been addressing sustainability issues throughout the organization and have committed to the UN Global Compact universal sustainability principles.

Setting and implementing global environmental policies, management systems, and key performance metrics enables SHI to continually integrate and drive environmental stewardship in our business groups globally, assuring consistency and innovative environmental thinking.

SHI’s goal is consuming less energy and reducing our environmental impact through various initiatives:

- Monitoring energy consumption.
- Disclosing to CDP’s environmental data platform and EcoVadis on a yearly basis.
- Utilizing advanced energy-saving systems such as automatic lights and energy-saving computer monitors.
- Water-efficient plumbing.
- The use of solar panels – SHI had over 7,000 solar panels installed between 2012 and 2020, which have generated millions of kilowatt hours of electricity. SHI continues to install solar panels with new construction projects.

- LEED Certifications.
- SHI was awarded Gold for Commercial Interiors on our 290 Davidson Global HQ in New Jersey in 2013.
- SHI was awarded Gold Certification under the LEED v4 Building Design and Construction rating system on our Austin Garza Regional HQ in Texas in 2021.

Additional information regarding SHI's sustainability efforts can be found [here](#).

SHI is committed to preserving the environment and combating climate change. We want to work with organizations that share these goals. As a minimum, SHI expects to:

- Comply with all applicable environmental laws and regulations.
- Minimize the negative environmental impacts of operations, products, and supply chains, including but not limited to air pollution, greenhouse gas emissions, water discharges, disposal of hazardous waste and toxic substances.
- Use resources efficiently, apply energy-efficient and environmentally friendly technologies, and reduce waste and emissions to air, water, and soil.

In cases where SHI's activities involve chemicals or other materials that pose a risk to the environment, SHI is expected to comply with the following requirements in addition to those listed above:

- Ensure that an adequate environmental, health and safety management system is in place.
- Be proactive in identifying, reducing, or avoiding risks to the environment and people.
- Conflict-free mineral purchasing: Conflict minerals are minerals (e.g., tantalum, tin, tungsten and gold) mined under conditions of armed conflict and human rights abuses. It is SHI's policy to refrain from purchasing product that may contain material obtained from known conflict mineral sources.

Social

- At SHI we strive to improve every life, act with uncompromising integrity, and ask questions to develop innovative solutions with a purpose. We believe in growing our business by enabling action and impact on some of humanity's greatest challenges.
- We are committed to an equitable and inclusive culture and work to reflect the diversity of our global customers, suppliers, and channel partners, building on each individual employee's abilities and backgrounds. Information regarding SHI's diversity commitments is available [here](#).
- SHI helps build sustainable communities through strategic investments and the thoughtful involvement of SHI businesses, facilities, and employees worldwide who volunteer and leverage their skills and experience to make a difference.
- SHI is empowering diverse-owned businesses with an inclusive network of suppliers. SHI's Supplier Diversity Initiative can be found [here](#).
- SHI provides Diversity, Equity, and Inclusion (DEI) training for SHI employees. More information is available [here](#).

Human rights and labor standards

SHI respects human rights as set out in the United Nations Universal Declaration of Human Rights. We require our employees to treat others with fairness, respect, and equality. SHI respects the rights of its employees and contractors and complies with all relevant laws, regulations, and policies of the country in which it operates. Where such relevant local laws do not exist, SHI is expected to comply with its Code of Ethics in all cases.

The requirements listed below cover SHI's expectations in relation to a range of human rights issues. SHI also expects employees and partners to provide opportunities for employees and other stakeholders to report concerns or potentially unlawful practices in the workplace.

Forced labor, child labor, human trafficking, and slavery

SHI will NOT:

- Use any form of forced or involuntary labor.
- Engage in any form of human trafficking, including but not limited to the recruitment, transportation, transfer, harboring, or receipt of persons through improper means (such as force, abduction, fraud, or coercion).
- Employ or use workers who are below the minimum age (the minimum age being the higher of the applicable child labor laws of the country in which the company operates or the ILO requirements).
- SHI's Modern Slavery Act Transparency Statement is available [here](#).

Working hours, wages, and benefits

SHI will:

- Pay all workers the legal minimum wage or a wage that meets local industry standards, whichever is higher.
- Adhere to working hours in accordance with local laws.
- Pay full-time workers enough to meet their basic needs in the country where there is no legal minimum wage.
- Comply with all other applicable local laws and regulations regarding wages, working hours, and benefits, e.g., overtime, maximum working hours, and social benefits.

Non-discrimination and professional standards

SHI will:

- Strive for the highest possible professional standards, to maintain a respectful and dignified relationship with all those with whom SHI deals, including its own suppliers, customers, and employees, as well as SHI's customers and employees. SHI's engagement should be free from harassment, abuse of any kind, and any harsh and inhumane treatment.
- Not discriminate against people based on personal characteristics, including but not limited to gender, gender identity or expression, sexual orientation, race, and ethnicity.
- Comply with local laws and regulations.

Health and safety

SHI has:

- Created a safe and healthy working environment, and takes proactive measures to prevent and minimize injuries and illnesses to our employees.
- Identified and eliminate hazards and risks to health and safety at work.
- Continuously worked to improve the management of workplace health and safety.

Where SHI's activities involve chemicals or other materials that pose a risk to human health, we comply with the following requirements in addition to those listed above:

- Ensure that an adequate health and safety management system is in place.
- Be proactive in identifying, reducing, or avoiding risks to people.

Freedom of association

SHI upholds the freedom of association and the right to collective bargaining under applicable laws.

Bribery and corruption

Anti-bribery and anti-corruption

Bribery or corruption is the giving or offering of money, goods, or other forms of reward to a recipient to induce a change in his or her behavior or decisions in the interest of the giver that the recipient would not otherwise make.

SHI does not tolerate any form of bribery or corruption. Offering or accepting bribes in any form, directly or indirectly, is strictly prohibited. SHI fully complies with applicable national and international regulations and to conduct their business in a professional, fair, and lawful manner. SHI has procedures in place for strict controls and regulations to prevent bribery and corruption of any kind.

Conflict of interest

A conflict of interest may arise at any time when competing loyalties could cause an individual to pursue a personal benefit. Employees and partners are requested to take reasonable steps to avoid any conflict of interest, real or apparent, in connection with their cooperation with SHI.

SHI understands that a conflict of interest arises when the material personal interests of the SHI employee are inconsistent with the responsibilities of his/her position with the company. All such conflicts must be disclosed and corrected. Even the appearance of a conflict of interest can be damaging to SHI and its suppliers and are to be disclosed and approved in advance by SHI management.

Governance

SHI corporate governance principles govern how we do business daily, enabling us to outperform and lead the way to sustainable growth. They provide a framework that defines the roles, rights, and responsibilities of different groups within the organization and SHI's commitment to the environment and society.

SHI Code of Ethics, Anti-Bribery, Anti-Corruption and Whistleblowing Policy, which applies to all officers and employees, serves as the foundation for high standards of integrity and ethics, the deterrence of wrongdoing, and the promotion of compliance with applicable regulations.

SHI believes that good corporate governance practices strengthen management and further enhance the public trust SHI has earned from years of operating with uncompromising integrity and doing business the right way.

Unfair business practices

Collusion

SHI competes vigorously in the sectors in which it operates but is committed to doing so in a manner that is fair, honest, ethical, and legal.

We expect all suppliers to conduct their activities in compliance with applicable antitrust and competition laws. Antitrust and competition laws are designed to promote and protect free and fair competition. These laws apply both in EU Member States and in other countries where SHI does business, and apply to all relationships with competitors, customers, service providers, and suppliers.

Antitrust and competition laws prohibit practices that include:

- Agreements or understandings (including informal understandings, such as oral “gentlemen’s agreements”) between competitors that restrict competition among themselves, such as price fixing, bid rigging, allocation of customers or territories, or agreements not to do business with third parties.
- Other practices, such as requiring exclusivity, overcharging, tying/bundling (tying the sale of one product to the purchase or sale of another product), or imposing non-compete obligations, where such practices have an undue effect on competition, for example, where they improperly exclude competitors or exploit other parties.

Due diligence and prevention of financial crimes

SHI is committed to the prevention of all forms of financial crime, in particular money laundering, terrorist financing, sanctions violations, trade embargoes, and fraud. SHI employees, contractors, vendors, and partners are expected to submit to any SHI review aimed at detecting, disrupting, and deterring them.

SHI exercises due diligence in the selection of our service providers and suppliers. Our procurement process is based on objective and traceable criteria and a documented procedure.

Management systems

SHI has rigorous monitoring and control processes in place, including functional controls with clearly assigned responsibilities that are appropriately documented. SHI has implemented local rules and regulations, including tax laws, to ensure compliance with the principles of the SHI Partner Code of Ethics and ESG Policy.

Whistleblowing

SHI expects all employees and partners to report suspicious actions or violations of the Code of Ethics immediately. They can do this by:

- Contacting the relevant SHI business partner.
- Reporting to ethics@shi.com

Compliance with the underlying Code of Ethics is of utmost importance to SHI. If there is a suspicion of non-compliance or a breach of one or more of the above points of the Code of Ethics, SHI reserves the right to reassess the partner. If this suspicion is confirmed, the business partnership will be re-evaluated and potentially terminated in accordance with our contractual rights and applicable law. If the confirmed suspicion indicates a violation of fundamental human rights or laws (e.g., child labor), the business relationship will be terminated immediately and, if necessary, legal proceedings will be initiated. SHI takes firm action against such violations and does not wish to be associated with them.

Review

We will review this policy as necessary to ensure that it remains consistent with the SHI ESG commitments to the UN Global Compact and, where appropriate, with statutory requirements.