

Power Integrations Inc., Supplier Code of Conduct

Power Integrations Inc., is, committed to the highest standards of product quality and business integrity in all relationships with our suppliers. Power Integrations Inc., also intends to ensure that working conditions in our supply chain are safe, workers are treated fairly and that manufacturing processes are environmentally and socially responsible. As a condition of doing business with Power Integrations Inc. we expect our Suppliers to confirm to these requirements.

This code requires Supplier to commit to operate in full compliance with the laws, rules and regulations of the countries in which they operate and in some cases requires the Suppliers to go further, drawing upon internationally recognized standards.

This Code is made up of five sections: Sections A, B, and C are standards for Labor, Health, Safety and the Environment. Section D is related to business ethics. Section E outlines the elements of an acceptable Management System.

A. Labor

As a Supplier of Power Integrations Inc., you are required to observe the human rights of workers and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees and any other type of worker.

Labor standards are:

1. **Freely Chosen Employment; No Forced Labor.** As a Supplier of Power Integrations Inc., you shall not use forced, bonded (including debt bondage) indentured labor or involuntary prison labor. You shall not engage in slavery or trafficking of persons. This includes transporting, harboring, recruiting, transferring or receiving vulnerable persons by means of threat, force coercion, abduction or fraud for the purpose of exploitation. All work will be voluntary, and workers will be free to leave work at any time or terminate their employment. Workers will not be required to surrender any government issued identification, passports, or work permits as a condition of employment. Suppliers must provide their workers with a written employment agreement in their primary local language that contains a description of terms and conditions of employment, prior (in the case of workers travelling from overseas) to the workers departing their home country. No changes shall be made to that agreement, unless required to meet local legal requirements, and such changes are equivalent or better for the worker. Workers shall not be required to pay employers' or agents' recruitment 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. Suppliers shall ensure that any third-party recruitment agencies they use are compliant with the provisions of this Code and the law.

2. **No Child Labor.** You shall not use child labor in any stage of manufacturing. Your hiring practices shall be in conformance with the International Labor Organization (ILO) Conventions for minimum age and child labor. The term “child” refers to any person under the age of 15, the age for completing compulsory education, or the minimum age for employment in the country as set forth by local law, whichever is greatest. The use of legitimate workplace apprenticeship programs that comply with all local laws and regulations is supported.
3. **Fair working hours.** You will manage your operations in ways that ensure that overtime does not exceed the level of permitted maximum working time under applicable law. Workweeks, including overtime, will be the lesser of the maximum set by local law or 60 hours per week. You shall not require your workers to work more than 6 consecutive days without a rest day.
4. **Fair Wages and Benefits.** Compensation paid to workers shall comply with all applicable local wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deduction from wages as a disciplinary measure is not permitted, and wages must be paid accurately and on time. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labor will be within the limits of applicable local law.
5. **Humane Treatment.** The dignity, privacy and personal rights of employees are to be respected. There will be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be any threat of such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.
6. **Non-Discrimination.** As a Supplier of Power Integrations Inc., you will be committed to a workplace free of harassment and unlawful discrimination. You will not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, nationality, disability, pregnancy, religion, political affiliation, or marital status in hiring and employment practices, including promotions, compensation, rewards and access to training.
7. **Non-Retaliation.** Suppliers will have a well-defined process for its workers to enable them to raise any concerns without fear of retaliation.

B. Health and Safety

Health and Safety standards are:

1. **Occupational Safety.** Worker exposure to potential safety hazards (e.g., chemical, electrical, and other energy sources, fire, vehicles, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance, safe work procedures and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers will be trained and provided with appropriate, well-maintained, personal protective equipment. Suppliers shall obtain, maintain and comply with all required health and safety permits, and abide by all local laws.
2. **Machine Safeguarding.** Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers will be provided and properly maintained where machinery presents an injury hazard to workers. Training of the proper use and safety related to machinery must be provided to workers.
3. **Industrial Hygiene.** Worker exposure to chemical, biological and physical agents is to be identified, evaluated and controlled. Engineering or administrative controls must be used to control overexposures. When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate personal protective equipment and training.
4. **Physically Demanding Work.** Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful tasks is to be identified, evaluated and controlled.
5. **Occupational Injury and Illness.** Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness including provisions to encourage worker reporting, classify and record injury and illness cases, provide necessary medical treatment, investigate cases and implement corrective actions to eliminate their causes and facilitate the return of workers to work.
6. **Emergency Preparedness.** Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

7. **Sanitation, Food and Housing.** Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage and eating facilities. Worker dormitories provided by Suppliers or a labor agent are to be maintained to be clean and safe and provide with appropriate emergency exits, hot water for bathing and showering, adequate lighting, heat and ventilation, individual secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.
8. **Training.** Supplier should provide to its workers, health and safety training during employee orientation and repeat it as required by applicable regulations. Workers should be able to demonstrate knowledge of safe practices for assigned work tasks.

C. Environmental

The Environmental standards are:

1. **Environmental Permits and Reporting.** Suppliers must obtain and keep current all locally required environmental permits, approvals and/or registrations. Suppliers will follow and comply with all operational reporting requirements proscribed by the required permits, approvals, and/or registrations.
2. **Pollutions Prevention and Resource Reduction.** Suppliers will comply with all applicable environmental laws and regulations. Waste of all types, including water and energy shall be reduced or eliminated at the source or by practices such as production modification, maintenance and facility processes improvements, materials substitution, conservation, and recycling.
3. **Hazardous Substances.** Chemicals and other materials posing a hazard to humans or the environment, if released, are to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal.
4. **Wastewater and Solid Waste.** Wastewater and solid waste generated from operations, industrial processes and sanitation facilities will be characterized, monitored, controlled and treated as required by local environmental laws and/or other applicable standards prior to discharge or disposal.
5. **Air Emissions.** Air emissions of volatile organic chemicals, aerosols, corrosives, particulates and combustion by-products generated from operations will be characterized, monitored controller and treated as required by local environmental laws and/or other applicable standards prior to discharge.

6. **Materials Restrictions.** Suppliers are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.
7. **Boundary Noise.** Suppliers shall identify, control, monitor and reduce noise generated by the facility that affects boundary noise levels.

D. Ethics

1. **Business Integrity.** The highest standards of integrity are to be upheld in all business interactions. Supplier shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement. All business dealings should be transparently performed and accurately reflected on the Supplier's business books and records. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws and regulations of the countries in which it operates. Offering or granting, directly or indirectly, anything of value, including but not limited to cash, bribes, or kickbacks, to any Power Integrations Inc. employee, representative or customer or a public official in connection with or related to any Power Integrations Inc. procurement activity is strictly prohibited. Power Integrations Inc. also requires that you do not offer or grant Power Integrations Inc. employees or representatives any gifts or entertainment. A business meal may be permitted so long as it is of modest value and is part of a business meeting agenda.
2. **No Improper Advantage.** Bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorized given or accepted. This prohibition covers promising, offering, authorizing, giving or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage.
3. **Disclosure of Information.** All business dealings should be transparently performed and accurately reflected in Suppliers' business books and records. Information regarding business activities, Supplier's labor, health and safety, environmental practices, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain is unacceptable.
4. **Disclosure of Confidential and Proprietary Information.** Unless required by law, information regarding business activities, structure, financial situation and performance of Power Integrations Inc. may be disclosed to a third party only if permitted in writing by Power Integrations Inc. prior to any such

disclosure and only in accordance with the terms and conditions of an applicable confidentiality agreement between Power Integrations Inc. and the Supplier. If a disclosure is required by law, Supplier shall promptly notify Power Integrations Inc. in writing before making a required disclosure.

5. **Intellectual Property.** Intellectual property rights are to be respected. Transfer of technology and know-how is to be conducted in a manner that protects intellectual property rights and customer information is to be safeguarded.
6. **Advertising and Competition, Prohibited Collusive Conduct.** Suppliers will uphold standards of fair business, advertising and competition. Sharing or exchanging any price, cost or other competitive information or undertaking of any other collusive conduct with any other third party supplier or bidder to Power Integrations Inc. with respect to any proposed, pending, or current Power Integrations Inc. procurement activity is prohibited.
7. **Privacy.** Suppliers are to commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers and employees. Supplier is to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted and shared.
8. **Protection of Identity and Non-Retaliation.** Programs that ensure the confidentiality, anonymity and protection of Supplier and employee whistleblowers are to be maintained unless prohibited by law. Supplier should have a communication process for their personnel to be able to raise any concerns without fear of retaliation.
9. **Responsible Sourcing of Minerals.** Suppliers shall have a policy to reasonably assure that the tantalum, tin, tungsten and gold in the products they manufacture do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country, or other embargoed countries or defined high-risk regions for the extraction or transit of relevant materials. Suppliers shall exercise due diligence on the source and chain of custody of these minerals as well as any others identified by customers that originate from regions with "high-risks" (which include areas associated with conflict, worst forms of child labor, forced labor and human trafficking, gross human rights violations such as widespread sexual violence or other reasonable objective high-risk activities, including severe health and safety risks and negative environmental impacts), and make their due diligence measures available to customers upon request.

E. Management System. Suppliers shall adopt or establish a management system whose scope is related to the content of this Code. The management system should be designed to ensure compliance with applicable laws, regulations and customer requirements, conformance with this Code and identification and mitigation of risks related to this Code.

The Management System should contain the following elements:

- 1. Management Accountability and Responsibility.** Suppliers shall clearly identify senior executive and company representatives responsible for ensuring implementation of their management systems and associated programs. Suppliers shall have a corporate social responsibility or sustainability representative that reports directly to executive management and has the responsibility and authority to manage social and environmental compliance requirements. Suppliers' senior management shall review the status of the management system on a regular basis.
- 2. Legal and Customer Requirements.** Suppliers shall have a process to identify, monitor and understand applicable laws, regulations and customer requirements.
- 3. Risk Assessment and Management.** Suppliers shall have a process to: identify the legal compliance environmental, health and safety and labor practice and ethics risks associated with Suppliers' operations to determine the relative significance for each risk and to implement appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.
- 4. Training.** Suppliers shall develop and maintain management and worker training programs to facilitate proper implementation of their policies and procedures to meet applicable legal and regulatory requirements.
- 5. Communication.** Suppliers shall have a process, including an effective grievance system for communicating clear and accurate information about Supplier's policies, practices, expectations and performance to workers, suppliers and customers.
- 6. Worker Feedback and Participation.** Suppliers shall have an ongoing process to assess employees' understanding of, and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement.
- 7. Audits and Assessments.** Suppliers shall conduct periodic self-evaluations of their facilities and audit the operations of the subcontractors and next-tier suppliers to ensure conformity to legal and regulatory requirements and the Power Integrations Inc. Supplier Code of Conduct. Suppliers shall permit

customers and a third party designated by a customer to periodically evaluate Suppliers' facilities and operations.

- 8. Corrective Action Process.** Suppliers shall have a process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

Appendix A: Supplier Declaration

SUPPLIER'S NAME – Hereby declares the following:

- We are aware of and observe all applicable laws.
- We have received a copy of the Power Integrations Inc. Supplier Code of Conduct and confirm that we have read it, understand it, and that we shall comply with its principles and requirements in addition to our obligation under specific supply agreements with Power Integrations Inc.
- We shall inform our employees, representatives and our suppliers and/or vendors of the content of Power Integrations Inc.'s Supplier Code of Conduct and ensure their compliance with its requirements and principles.
- We agree that Power Integrations Inc., or its representative or a third party appointed by Power Integrations Inc., may conduct audits at our premises as may be necessary to verify our compliance with the Power Integrations Inc., Supplier Code of Conduct, provided that any such audit is conducted during regular business hours, in accordance with applicable data protection laws per our NDA, and shall neither unreasonable interfere with our business activities nor violate or cause us to violate our confidentiality agreements with third parties. We further agree to reasonable cooperate and assist Power Integrations Inc., with any audits conducted by Power Integrations Inc., and to bear our expenses in connection with such audits. We understand that Power Integrations Inc., will bear its own expenses associated with the audits.
- We acknowledge and agree that Power Integrations Inc., may, at its sole discretion, modify the existing principles and requirements of the Supplier Code of Conduct or add new principles or requirements.
- We acknowledge and agree that any violation of the Supplier Code of Conduct by our director(s), officer(s), employee(s), agents(s), or any other representative(s), or vendor(s) may result in termination of a commercial relationship between Power Integrations Inc., and **SUPPLIER NAME**.

Signature

Date

Name

Title

Company