



**BUSINESS PARTNER**

**CODE OF CONDUCT AND ETHICS**

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Mar. 2021

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## Statement of Compliance Commitment

ChangXin Memory Technologies, Inc., and its subsidiaries or entities actually controlled by it (hereinafter referred to as “CXMT”, “Company” or “the Company”) is committed to the combination of its own advantages and the qualifications and competences of business partners, the adherence to the highest standards of business ethics to the applicable extent, and the establishment of a business partnership of joint development, win-win cooperation, and sustaining success. Therefore, the Company hopes that our suppliers, subcontractors, distributors, agents and other business partners can fully comply with the corresponding business ethics, laws and regulations, and management standards in environment, safety, etc.

Business Partner mentioned in this Policy means the subjects that directly or indirectly supply products or services to the Company, and that purchase or sell the products of the Company, and also includes external agencies or individuals doing business activities in the name of or on behalf of the Company.

Based on the Company Code of Business Conduct and Ethics, this Policy is drafted to serve as the requirements for Business Partners on business ethics and values, which is expected to be strictly followed by Business Partners and their employees, and applies to all of Business Partners' affiliated subjects, branches and their employees. If there any conflicts among local laws, contractual stipulations and the requirements hereunder, the higher standard shall prevail.

# Anti-Bribery and Anti-Corruption

## General Requirements

Business Partners shall not, for the purpose of acquiring or keeping business, or attempting to exert some improper impact, directly or indirectly, offer, or promise to offer, bribes to CXMT, government officials, political parties or social organizations and other business subjects (including CXMT's customer, etc.), or, directly or indirectly, accept bribes, such bribes including any over-standard, inappropriate gifts, business entertainment, job opportunities and other unjustified benefits made for the purpose of acquiring improper or illegal interests. Business Partners shall not commit bribery through the employees of the Company or third parties.

During their cooperation with the Company, Business Partners should strictly prohibit their employees or persons working on their behalf from conducting, directly or through third parties, personally or under the name of Business Partners, any of the following acts whether for the purpose of company interests or personal interests:

- Offering or providing, directly or indirectly, bribes, kickbacks or other improper benefits to any persons of the Company and the individuals with close relationship, such as their relatives and other specific stakeholders; and
- Soliciting or accepting bribes, kickbacks or other improper benefits from the Company in return for the provision of business or other competitive advantages.

Such departments of Company as assuming relevant duties for screening of suppliers, including existing business requirement departments, quality control or test departments, purchasing departments and tendering departments, as well as their employees and Family Members, shall not accept gifts or entertainment offered by suppliers of Company or potential suppliers unless otherwise approved by the Company's management team and Legal Compliance Department.

More rigorous and prudent standards and approval process should be followed during the interaction and engagement with government officials.

## Business Entertainment

In cooperation with the Company, Business Partners may offer or accept such meals, tickets, travel arrangement and other kinds of business entertainment if meeting the following requirements:

- Such expenses are genuine and moderate for legitimate business purpose;
- Such expenses are appropriately recorded in Company's account book;
- Such meals or business entertainment are in line with local statutory requirements without improper motives;
- It should avoid being deemed as luxurious and expensive consumption due to the content and value;
- The amount and frequency of such expenses shall be within a reasonable range;
- Such expenses are not permitted for sightseeing, travelling and other non-business activities provided to individual person or its family members and relatives; and

- Recreational entertainment is not allowed, such as KTV, nightclubs, health/massage/bath centers and other leisure activities consumption.

When the requirements as listed above are satisfied, business partner should carefully measure the influence on the normal performance of job duties by themselves or the relevant staff members. Furthermore, be alert of frequent invitations and shall decisively reject them.

In general, the employees of Company should not accept or offer the entertainment including travel arrangement; unless in the event of a proper industrial exchange, such as industrial exhibition, academic conference, salon, training or business conference, it is allowed to accept entertainment including travel arrangement upon a truthful declaration and approval of the Company.

The aforementioned travel arrangement should be moderate and necessary, and also need be accurately recorded; meanwhile, such travel arrangement could cover train/air tickets for straight round trip; accommodation expenses; ground transportation expenses; and meal expenses. The corresponding standards/limits for consumption should be referred to the standard determined in the Company policy of reimbursement for the employees travel expenses.

## Gifts

In cooperation with CXMT, it is not permitted to provide or accept any gifts for the purpose of seeking improper interests. Jewelry, cash or cash equivalents (e.g.

checks, stock equity, prepaid cards, gift cards, fuel cards, prepaid consumption cards, gambling chips and other securities) shall not be accepted or provided as a gift.

When gifts are provided by Business Partner in the name or on behalf of CXMT to other external client, market value shall not exceed CNY 200, and such providing shall be made no more within one year.

In principle, Business Partner shall not provide gifts to Company's employees and individuals with close relationship such as relatives and other specific stakeholders. In accordance with relevant policy of Company, in event that Company's employees or the individuals with close relationship, such as relatives and other specific stakeholders, accepted or are going to accept gifts, the Approval Form for Gifts and Entertainment shall be truthfully filled and the prior approval shall be obtained.

## Anti-Money Laundering and Terrorist Financing

Money laundering mainly refers to the process of legalizing through legal business activities to cover up and conceal illegal income and its generated income. Terrorist financing means that any person, directly or indirectly, illegally and intentionally provides or raises funds for terrorist activities. Money laundering and terrorist financing are illegal.

In cooperation with CXMT, Business Partner are required to comply with applicable anti-money laundering, anti-corruption and anti-terrorist financing laws and regulations and to conduct business only with customers who are engaged in legitimate business and whose sources of funds are legitimate. Business Partner shall not allow anyone to knowingly, directly or indirectly, engage in money laundering or terrorist financing.

# Compliance Management

## General Requirements

Business Partners should establish internal compliance management system, as well as mechanisms for risk identification, examination and employee education to ensure that their commercial activities comply with the relevant applicable laws and regulations in the place of registration and business operations, the applicable international laws and rules, and that the cooperation with CXMT may not be affected due to compliance issues.

## Conflicts of Interest

Business Partners shall adopt effective measures to manage issues of conflicts of interests. Business Partners shall disclose the specific content of conflict of interests to CXMT and obtain written consent before conducting business or transactions with CXMT.

The aforementioned circumstances of conflicts of interests includes but not limited to the Business Partners and their shareholders, actual controllers, senior management persons, relevant employees and their relatives and special stakeholders, have the following relations or circumstances with the Company and its shareholders, senior management persons, relevant employees and their relatives and special stakeholders: a. direct or indirect investment; b. actual control and operation; c. interests allocation and transfer; d. the aforementioned individuals have relatives relations or any other circumstances that may impact objective and fair decisions.

With respect to any circumstances of conflicts of interests that exist or occur in the future, CXMT should be notified in writing immediately when such circumstance is known or should have known.

If Business Partners have the relations or any other circumstances that may impact objective and fair decisions with one of the Company's client and its shareholders, actual controllers, senior management persons, relevant employees and their relatives and special stakeholders, Business Partners shall avoid from the Company's cooperation or business with relation to such client.

## Protection of Intellectual Property

Business Partners should not obtain or access the trade secrets or other confidential information of others by such means as illegal or contradictory to business ethics, including but not limited to collecting or receiving from clients, competitors or other parties the confidential information owned by such parties or third parties in an inappropriate manner.

Business Partners should respect and take effective measures to protect CXMT's trade secrets and various intellectual property. Without permit, Business Partners should neither transmit, share or disclose outwards any trade secrets or other confidential information obtained during their cooperation with the Company, nor use or exploit any obtained trade secrets or other confidential information of the Company for unjustified purposes.

## Anti-Trust and Anti-Unfair Competition

Business Partners should not engage in any monopolistic conducts or unfair competition alone or in collusion with other Business Partners. The prohibited conducts are behaviors which damage competitive order, including but not limited to, market segmentation by agreement or collusion, fixing or fixing resale prices, restricting production or sales, restricting access to or development of new technology, boycotting transactions, bid-rigging, bundling, abuse of dominant market position.

## Trade Compliance

Business Partner shall strictly comply with all applicable laws and regulations on export control and customs administration, including those of China, the United States, the European Union and other countries or regions with which the company does business.

The partner undertakes not to use the products, technologies or services obtained from CXMT directly or indirectly for the following purposes:

- (1) Export or sell to locations subject to embargoes by the United Nations, China, the European Union, the United States and the organization for security and cooperation in Europe;
- (2) End products for the design, sale or direct or indirect sale of any military purpose, end uses or end users which are prohibited or restricted by original export permit issued to CXMT.

## Marketing Promotion and Media

In the process of marketing and promotion, Business Partners should not conduct false propaganda, exaggerate product functions, or make misleading representations. Unless there are mandatory statutory requirements, Business Partners, without consent from the Company, should not disclose to the media any information about the cooperation with the Company, the specific business data, the project scale and the like.

Business Partners should not make any wrong explanations or misrepresentations during their external business activities.

## Protection of Personal Information

Business Partners should rigidly comply with the statutory provisions in connection with network safety and protection of personal data, and always observe the following principles:

- (1) collecting and using personal information subject to local laws and regulations;
- (2) collecting and using the minimum necessary personal information to fulfil legal business purposes, and retaining and storing such information only if necessary;
- (3) sharing personal information only with such subjects as having legal demands and protecting well such information, Without prior authorization of the information owner, the information shall not be used for other purposes than those agreed upon; and
- (4) handling and deleting personal information as required by the subject of such information under relevant laws and regulations.

## Fair Employment

Business Partners should support and respect internationally recognized human rights protections and recognize basic requirements for workers' rights. Forced labor, free labor and child labor are strictly prohibited. Business Partners should have

the responsibility to create a healthy, dignified and fair working environment for their own employees, and ensure that the employees may not be discriminated or unequally treated due to their colors, ages, nations, genders, nations, religious beliefs, political tendencies or other factors.

Business Partner should value and protect employees` privacy, health, safety and other legitimate rights, and protect the rights and interests of female employees. And commit that not to assign female employees to do harmful jobs which prohibited by law during the special periods.

## **Government Clients**

It should be noted that Business Partners should adhere to more prudent principles and comply with applicable laws related to governmental purchasing and tendering, when carrying out transactions with governments, public organizations or state-owned enterprises.

## **Conflict Minerals**

Business Partner should commit not to purchase or not to support the use of conflict minerals and build a sustainable supply chain environment. The "conflict minerals" means minerals such as tin, tantalum, tungsten, gold and other minerals originating in the Democratic Republic of the Congo and surrounding countries, irrespective of their source, processing or sale place. Armed groups have been widely reported to be fighting for control of mineral deposits in central

Africa, mining and selling them by forced labor, and the income of selling could be used to support armed conflict.



# Mutual Collaboration

## Provision of Materials

Business Partners must guarantee that all the materials provided for the Company are true, legal and valid. If such materials contain or relate to the confidential information of third parties, Business Partners should warrant that they have been legally authorized by such third parties. Business Partners must also guarantee that all the information offered thereby to the Company, including but not limited to product specifications, technical parameters, design drawings, orders, offers, settlement data, payment requests, changes of important matters in company and the like, are true, accurate and complete.

## No Fake Business or Watered Fees

Business Partners should not assist the employees of the Company in extraction of fees, confirmation of made-up earnings, confirmation of earnings in advance, intentional delay in confirmation of earnings by made-up business, "yin yang contract" (dual contracts), and provision of false notes, receipt form or acceptance certificate. Business Partners must not fabricate the seals, materials, official documents and letters of the Company by any means.

## No Fraud and Cutting Corners

It is prohibited for business partners to violate the principle of good faith, mislead, cheat and damage the interests of the company by fabricating and concealing

facts, releasing false information, signing false contracts and exaggerating propaganda in the process of market transactions, investment and services.

It is prohibited to secretly lower the quality of products, cut down quantity and sell substandard products for illegitimate profits.

## Subcontracting Services

In the contract of engineering construction, without the consent of the Company, Business Partner shall not transfer part or all of the work agreed in the contract to any third party, or subcontract the work without authorization.

In other contracts that are allowed to be transferred/delegated to third parties, the partner shall exercise a duty of care with respect to the third party selection and ensure that the third party complies with all the requirements of this Code. Business Partner remains primary responsible for the services to the Company.

## Document Retention and Deletion

Business Partners should take effective measures to protect the Intellectual Property and trade secrets of the Company. All information in connection with business during the routine operation of the Company are important assets of the Company, and the ownership of which should not be lost or waived by the Company due to material or information delivery during business cooperation. As

deemed necessary, the Company may require Business Partners to take special protection measures, or require Business Partners to conduct deletion or destruction in the corresponding form, and Business Partners should be obliged to cooperate in such implementation.

## **Audit and Investigation**

Business Partners should not conceal any information that may make an impact on the interests of the Company. In order to ensure that Business Partners strictly follow this Policy, Business Partners should undertake to cooperate with CXMT and its key account in the relevant audit in respect of their compliance with this Policy. The Company will inform Business Partner 10 days in advance to carry the audit. Business Partner shall fully cooperate with the Company in the relevant investigation if there is any misconduct.

If the contract between Business Partner and the Company stipulates that part of the obligations will be transferred, subcontracted or entrusted to a third party, the Business Partner shall, upon the request of the Company, provide relevant evidence to review the compliance of the third party. Corrective actions shall be taken if there are any violations.

# Information Communication

## Whistleblowing and Feedback

If Business Partners have any doubt about this Policy, or discover any suspected violations of this Policy on the basis of good faith and reasonable doubt, please provide feedback at CXMT Compliance Hotline, [www.cxmt.ethicspoint.com](http://www.cxmt.ethicspoint.com).

The Hotline allows report in real name or anonymity. In order to safeguard the interests of Business Partners, it is encouraged to give feedback on the aforesaid doubts or suspected behaviors in real name. The Company will conduct relevant verification and investigation to the reported information.

## Commitment and Reminder

The Company makes a solemn commitment to strictly keep confidential the personal information of real-name whistleblowers, practically guarantee the legitimate rights of real-name whistleblowers, and expressly prohibit anyone directly or indirectly discriminating, intentionally creating difficulties for, or attacking or retaliating real-name whistleblowers.

The reported information may lead to internal investigation and public organ's investigation and other consequences, thus, please provide authentic and accurate information to the best knowledge of the reporter. Any misleading malicious slander is forbidden. Any misconducts in providing false or misleading information shall be subject to corresponding legal liabilities.

# Annex: Statement of Compliance Commitment

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**Note: The return of this Commitment with signature of the authorized representative shall be deemed a commitment by our company to comply with this Code of Business Conduct and Ethics.**

(NAME OF BUSINESS PARTNER), as the Business Partner of CXMT, has already received, read and understood the entire CXMT Business Partner Code of Business Conduct and Ethics, and hereby undertakes to strictly comply with this Code and allow CXMT or the representative thereof to review the compliance of the Business Partner during the cooperation. We commit the adherence to the highest standards of business ethics to the applicable extent.

In the event of any violations of this Code and corresponding obligation, CXMT shall have the right to immediately and unilaterally terminate the mutually signed or confirmed contract or agreement order, with written notice without incurring losses compensation and other liabilities. **CXMT is entitled to demand the breaching party to pay liquidated damages in an amount of 20% of purchasing amount actually incurred (i.e., order amount including actually paid and to be paid) in the duration from**

**the date when the violation occurs or the violation facts exists to the date when the mutual contract/agreement expires or is terminated with notice, with respect to the violation of this Business Partner Code of Conduct and Ethics. In event that the aforementioned liquidated damages cannot fully cover the losses CXMT has suffered, the additional losses shall be compensated.** What's more, CXMT has the right to add the breaching party into the black list, lodge lawsuit against the breaching party and its relevant employee(s) and handover the case to administrative and criminal judiciary organs for them to handle.

If part or all of the work under contract that is allowed to be transferred/delegated to a third party with the consent of CXMT, we shall exercise a duty of care with respect to the third party selection and ensure that the third party complies with all the requirements of this Code. We will take the responsibility if the aforementioned third party has any violations.

Business Partner (Seal):

Authorized Representative (Name):

Authorized Representative (Signature):

Date:

This statement shall be made out in both English and Chinese languages. Where there is any conflict, Chinese version shall prevail.