



Statement of Policy and Commitment to Implement North Korea Sanctions & Enforcement Actions

Bourns, Inc. and its subsidiaries (“Bourns”) are aware of various sanctions issued against North Korea, including those issued by the U.S. Department of State and the United Nations. Bourns has reviewed and understands the terms of the Korean Interdiction and Modernization of Sanctions Act of the Countering America’s Adversaries Through Sections Act (“CAATSA”), including a presumption that North Korean labor is forced labor within the meaning of 19 U.S.C. § 1307, and thus that importation into United States of merchandise produced with North Korean labor is prohibited. Bourns has further reviewed guidance issued by the U.S. Department of State on July 23, 2018 regarding Risks for Businesses with Supply Chain Links to North Korea.

Considering CAATSA’s and the newly issued guidance from U.S. Department of State’s focus on North Korean labor, Bourns has examined its global footprint to determine the proper level of due diligence for its operations and its supply chain. Bourns has determined that it does not operate in high-risk industries. However, Bourns and its global supply chain operate in a few high-risk countries, including the People’s Republic of China.

To that end, Bourns seeks to use only suppliers which Bourns believes act in an ethical manner, including prohibiting the use of slave, trafficked, or forced labor. Bourns evaluates suppliers on criteria beyond price. Such criteria include, among others, business history, financial stability, quality, on-time delivery, working conditions and compliance with laws. Bourns requires its direct suppliers to comply with the Bourns Code of Ethics and Conduct which states that:

- Bourns supports the eradication of slavery and human trafficking worldwide and the effective elimination of all forms of forced labor and child labor in violation of international standards; and
- Bourns will use this objective as a criterion in the selection and management of its suppliers.

Bourns requires its direct suppliers to confirm their agreement to comply with its Code of Ethics and Conduct and to permit Bourns to verify such compliance. The Bourns Code of Ethics and Conduct is translated into a variety of languages, including Chinese for Chinese local suppliers and vendors. Bourns employees conduct on-site reviews of a majority of significant new direct suppliers which may include a physical audit of the supplier’s workplace and their compliance with the standard and expectations of the

Bourns Code of Ethics and Conduct as well as an assessment of the supplier's own supply chain. A refusal to grant to Bourns a right of audit is a red flag which disqualifies potential direct supplier.

Bourns also requires its employees, including those with supply chain management responsibilities, to review, understand and comply with the Bourns Code of Ethics and Conduct.

Bourns' policy is to cease doing business with any supplier that fails to meet Bourns' standards regarding slavery and human trafficking. Any Bourns employee that violates the Bourns Code of Ethics and Conduct is subject to discipline, up to and including termination of employment.

Bourns' Contracts and International Trade Department is charged with the task of advising Bourns' global purchasing and procurement departments on legal requirements applicable to the supply chain. Bourns' Contracts and International Trade Department has reviewed CAATSA and is committed to:

- Follow guidance set forth in Annex 2 to the U.S. Department of State advisory on North Korea Sanctions & Enforcement Actions regarding avoiding use of joint ventures with North Korea companies.
- Screen its potential suppliers against the List of Specially Designated Nationals and Blocked Persons.
- Implement procedures and processes in line with the Informed Compliance Publication on Reasonable Care prepared and updated by the U.S. Customs and Border Protection office, including sections addressing Forced Labor and Country of Origin.

Finally, Bourns' Terms and Conditions of Purchase require suppliers to comply with applicable laws, including prohibition on use of forced labor.

Bourns is determined to exercise reasonable care to ensure that goods entering the United States via its supply chain comply with all applicable laws and regulations.



Chairman of the Board and CEO



President and Chief Operating Officer