



SUPPLIER CODE OF CONDUCT



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Introduction

ABOUT US

As a member of the Defense Industry Initiative (DII) on Business Ethics and Conduct, Empirical Systems Aerospace, Inc. (“ESAero”), is committed to the highest standards of ethics and business conduct, including complying with all laws and regulations, ensuring fair competition, and upholding the highest standards in all our business dealings with our commercial and government customers, protecting taxpayer resources, and providing products and services to our end-users of the high-quality. We require our suppliers to share this commitment.

This Supplier Code of Conduct (the “Code”) sets forth our expectations for each of our product and service suppliers. This Code is not intended to be an exhaustive list of all ethical and business conduct requirements to be followed by suppliers. You are responsible for ensuring that your directors, officers, employees, representatives, and business partners understand and comply with the expectations set forth in this Code.

For questions or concerns about this Code, including its application to specific circumstances in connection with your organization’s performance of work for ESAero, or suspected failures by your organization or of your business partners to satisfy these expectations in performing work for ESAero, please contact ESAero’s Global Ethics & Compliance department at comments-ethics@esaero.com.

You must promptly investigate reports of legal or ethical issues or concerns.

OUR SUPPLIER CODE OF CONDUCT

This Supplier Code of Conduct (“Supplier Code”) is aligned with the recommendations of the DII and sets forth our expectation that suppliers will:

- conduct business ethically and in compliance with all applicable laws and regulations;
- support the human rights of workers;
- treat people with respect;
- maintain safe and healthy working conditions;
- safeguard assets entrusted to them; and
- strive to protect the environment.

We expect our suppliers to maintain full compliance with this Code and all laws and regulations applicable to their business and to ensure extension of these requirements to all sub-tier suppliers they employ on our behalf. When conducting international business, or if their primary place of business is outside the United States, suppliers must comply with local laws and regulations.

For the purposes of this Code, “Supplier” is defined as any third party that directly or indirectly sells, or seeks to sell, any kind of goods or services to our company or on our company’s behalf, including suppliers, contractors, subcontractors, distributors, dealers, sales/marketing representatives, intermediaries, agents, partners, consultants, resellers, systems integrators, or similar entities.

This Supplier Code is in no way intended to conflict with or modify the terms and conditions of any existing contract. In the event of a conflict, suppliers must first adhere to applicable laws and regulations, then the contract terms, followed by this Supplier Code. If local law is not as strict as this Supplier Code, we require our suppliers to comply with this Supplier Code.

Consequences for Violating this Supplier Code

In the event of a violation of any of the above expectations, we may pursue corrective action to remedy the situation. In the case of a violation of law or regulation, we may be required to report those violations to the proper authorities. We reserve the right to terminate our relationship with any supplier under the terms of the existing procurement/purchasing contract.

If you have any questions regarding the content of this Supplier Code, please contact us as indicated on page 2 of this document.

ETHICS AND COMPLIANCE PROGRAM

We expect our suppliers to maintain an ethics and compliance program that is commensurate with the size and nature of their business. The program should include policies and other processes to ensure compliance with laws, regulations, and the expectations related to or addressed expressly within this Supplier Code. This should include systems to monitor their compliance with these standards and take appropriate action to correct identified deficiencies or incidences of noncompliance.

We also encourage our suppliers to be familiar with the business practices of their suppliers, subcontractors, and other business partners to ensure compliance with the law and the Supplier Code for any activity performed on behalf of our company; and to proactively manage and mitigate risk in their supply chain and, where appropriate, report risk back to us to ensure that those risks are appropriately mitigated.

Whistleblower Protection

We expect our suppliers to provide their employees with avenues for raising legal or ethical issues or concerns without fear of retaliation. We expect our suppliers to take action to prevent, detect, and correct any retaliatory actions.

Suppliers may also ask questions or raise concerns directly to our company as indicated in the Resources section of this Supplier Code. We prohibit retaliation against anyone for raising a concern in good faith or for participating in an investigation of possible wrongdoing.

Our Expectations

SUPPORT HUMAN RIGHTS

We require our suppliers to share our commitment to uphold the human rights of all workers.

This means we expect our suppliers to:

- ensure all employment is freely chosen and prohibit all forms of modern slavery and human trafficking;
- prohibit the use of child labor or labor by anyone under the minimum legal age for employment where the work is performed;
- comply with all applicable laws in the countries in which they operate, including those related to wages, benefits and working hours;
- respect the right of workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly, as well as respect the right of workers to refrain from such activities; and
- refrain from violating the human rights of others.

Our commitment to prohibit modern slavery and human trafficking means suppliers must never:

- destroy, conceal, or confiscate identity or immigration documents;
- use recruiters that do not comply with local labor laws of the country in which the recruiting takes place;
- use misleading or fraudulent tactics in recruiting;
- charge employee recruitment fees or provide inadequate housing based on local standards, laws and directives;
- fail to provide employment contracts and other documentation in the employee's native language;
- fail to provide return transportation upon the end of employment for employees brought to the country for the purpose of working on a U.S. Government contract or subcontract; or
- fail to investigate and protect employees suspected of being trafficking victims.

Suppliers must educate employees on prohibited trafficking activities, discipline employees found to have violated the law or rules, and notify the contracting officer of violations and action taken against employees.

TREAT PEOPLE WITH RESPECT

Our suppliers should treat people with respect and dignity, encourage diversity, promote equal opportunity for all, and foster an inclusive and ethical culture.

This means we expect our suppliers to:

- value the differences that make people unique;
- be inclusive, support others and remain open and receptive to different ideas and opinions;
- provide a work environment that is free from discrimination and all forms of harassment or other abusive conduct; and
- provide equal employment opportunities to employees and applicants for employment, without regard to race, ethnicity, religion, color, sex, national origin, age, military veteran status, ancestry, sexual orientation, gender identity or expression, marital status, family structure, genetic information, or mental or physical disability, so long as the essential functions of the job can be competently performed with or without reasonable accommodation.

MAINTAIN A SAFE AND HEALTHY WORKPLACE

Suppliers should protect the health, safety, and welfare of their people, visitors, and others who may be affected by their activities.

This means we expect our suppliers to:

- maintain safe, healthy, and humane working conditions at all locations;
- comply with all applicable environmental, health and safety laws, regulations, and directives; and
- maintain a workplace free from the illegal use, possession, sale, or distribution of controlled substances.

PROHIBIT BRIBERY AND CORRUPTION

Our suppliers must comply with the U.S. Foreign Corrupt Practices Act and other applicable anti-corruption laws (e.g., the UK Bribery Act), directives and/or regulations that govern operations in the countries in which they do business, regardless of local customs.

This means we expect our suppliers to:

- refrain from offering or making any payments of money or anything of value (including kickbacks, favors, gifts, gratuities, entertainment, travel, political contributions, charitable donations or other business courtesies) to customers, government officials, political parties, candidates for public office, charities, or other business-related parties that could be considered to improperly influence a business decision;
- prohibit facilitating payments intended to expedite or secure performance of a routine governmental action like obtaining a visa or customs clearance, except in situations where there is an imminent threat to personal health or safety; and
- conduct appropriate due diligence and monitoring activities to prevent and detect corruption in all business arrangements, including partnerships, joint ventures, offset agreements, and the engagement of third parties, including consultants.

SOURCE RESPONSIBLY

Suppliers must adhere to federal laws and regulations regarding conflict minerals (gold, tantalum, tin, and tungsten) when sourcing materials. U.S. stock-listed companies who manufacture or contract to manufacture products containing conflict minerals must make specialized disclosure and file reports as required by the U.S. Securities and Exchange Commission.

This means we expect our suppliers whose products contain these minerals to:

- conduct due diligence on the source and chain of custody of these minerals; and
- support efforts to eradicate the use of conflict minerals which directly or indirectly finance or benefit armed groups in the Democratic Republic of Congo or adjoining countries.

COMPETE FAIRLY

Suppliers must compete on the merits of their products and services rather than by any illegal or unethical business practice.

This means we expect our suppliers to:

- comply with competition and antitrust laws;
- never make agreements with competitors to fix prices, rig bids, allocate customers or markets, or exchange any pricing information; and
- never use the exchange of business gifts and hospitality to gain an unfair competitive advantage

COMPLY WITH GLOBAL TRADE REQUIREMENTS

Imports and Exports

Our suppliers must comply with the laws, directives and regulations that govern international trade, including those that govern the import and export of parts, components, and technical data such as the International Traffic in Arms Regulation and the Export Administration Regulations. Suppliers shall provide truthful and accurate information and obtain export licenses and/or consents where necessary.

Anti-Boycott

Our suppliers must not participate in, cooperate with, or further the cause of any unsanctioned foreign economic boycott or restrictive trade practice, in accordance with the Export Control Reform Act of 2018 and the 1976 Tax Reform Act.

Anti-Money Laundering

Suppliers must also comply with anti-money laundering laws and regulations. Suppliers must not engage with any entity or in any activity that would involve our company in money-laundering schemes.

Security

When applicable, suppliers should implement practices and procedures to ensure the security of their supply chains in accordance with the Customs-Trade Partnership Against Terrorism Initiative of the United States Department of Homeland Security.

MAINTAIN ACCURATE RECORDS

We expect suppliers to be honest and transparent and to create and maintain complete and accurate records for all transactions and business processes related to our company's business, including those for timekeeping and invoicing purposes. All records, regardless of format, made or received in furtherance of a business transaction must fully and accurately represent the transaction or event being documented. Suppliers must not alter any record to conceal or misrepresent the underlying transaction represented by it. Records should be retained based on the applicable records retention requirements.

AVOID CONFLICTS OF INTEREST

Conflicts of interest can arise when personal interests interfere or appear to interfere with a person's ability to make objective business decisions or perform their duties without bias. This applies to a conflict between the interests of our company and the personal interests of those working on our behalf, or their close relatives, friends, or associates.

This means we expect our suppliers to:

- avoid all situations that create a conflict of interest, or the appearance of one, in their dealings with our company;
- avoid offering our employees any gift or hospitality that is frequent, lavish or extravagant, or otherwise does not comply with the law, our policies or employee Code of Conduct; and
- provide notification to all affected parties when an actual or potential conflict of interest arises so that it can be properly resolved.

ENSURE PRODUCT QUALITY

Suppliers must take due care to ensure their work product meets our company's quality standards.

This means we expect our suppliers to have effective processes in place to:

- identify defects and implement corrective actions, and to facilitate the delivery of a product whose quality meets or exceeds the contract requirements;
- minimize the risk of introducing counterfeit parts and materials into deliverable products; and
- detect counterfeit parts and materials, provide notification to recipients of counterfeit product(s) when warranted, and exclude them from the delivered product.

FOLLOW THE RULES FOR CONTRACTING WITH THE GOVERNMENT

Suppliers must comply with the specific rules that apply to contracting with the U.S. Government.

This means we expect suppliers who work with us in support of a U.S. Government contract to:

- follow the U.S. Government's rules for competing fairly;
- honor restrictions applying to U.S. Government employees, including those related to gifts, hospitality and offers of employment;
- deliver products and services that conform to specifications, laws and regulations;
- adhere to government accounting and pricing requirements;
- ensure the accuracy of data submitted;
- comply with all other applicable U.S. Government requirements; and
- promptly report any suspected violations of the Code, law, or regulations.

COMMIT TO THE ETHICAL USE OF ARTIFICIAL INTELLIGENCE

We are committed to the ethical use of artificial intelligence.

This means we expect our suppliers to review and support the [United States Department of Defense Ethical Artificial Intelligence Principles](#) when developing or using artificial intelligence solutions on our behalf.

SAFEGUARD ASSETS AND INFORMATION

We rely on our suppliers to protect the company assets that we have entrusted to them, against unauthorized access, loss, damage, theft and misuse, and to only use them in a manner that is permitted under our contract. This includes physical assets and our company's confidential and proprietary information, trade secrets, copyrights, and trademarks, and any other company data accessible to the supplier.

This means we expect our suppliers to:

- properly handle sensitive information, including confidential, proprietary, and personal information, using it only for the business purpose for which it was provided unless given prior authorization from the information owner;
- comply with all applicable data privacy/data protection laws;
- respect and comply with all the laws governing intellectual property rights assertions, including protection against disclosure, patents, copyrights, and trademarks;
- never use material, non-public information ("inside information") obtained in the course of business as the basis for trading or for enabling others to trade in the securities of any company;
- maintain information security programs designed to mitigate cybersecurity risks and adequately protect their information systems from unauthorized access, destruction, use, modification and disclosure; and
- promptly inform us of any unauthorized use of these assets or potential unauthorized access or compromise of its systems or data.

PROTECT THE ENVIRONMENT

We are committed to protecting the environment.

This means we expect our suppliers to:

- operate in a manner that actively manages risk, minimizes waste, and protects the environment; and
- apply a systematic approach to the management of risks/hazards and opportunities associated with the environment, including potential risk from regulatory non-compliance, reputational loss, and opportunities for business growth through operational and product stewardship.