

AEC SUPPLIER'S CODE OF CONDUCT

(Applicable to all AEC Suppliers)



Advanced Electronics Company (AEC) is committed to the highest ethical and legal standards in the conduct of its business. AEC requires all registered Suppliers with which AEC conducts business to acknowledge and agree to abide by the policies and principles set forth in the AEC Supplier Code of Conduct.

Supplier shall provide their acknowledgement and acceptance of the AEC Supplier's Code of Conduct as below at the time of registration or, if previously and currently registered, at the time of submitting bids and proposals in response to AEC's invitations and solicitations to bid.

1. SCOPE

This policy establishes a Code of Conduct for current and potential AEC suppliers. AEC suppliers include all vendors registered with AEC and seeking to provide goods, services or manpower (including consultants) to AEC or which are parties to agreements with AEC for such purposes. The term AEC herein includes AEC and its subsidiary companies.

2. INTENT

AEC is committed to conducting its business in an ethical, legal, safe, environmentally and socially responsible manner. AEC requires its Suppliers to share this commitment and, therefore, has established this Supplier Code of Conduct. AEC requires its Suppliers to consistently meet the following requirements in order to do or continue to do business with AEC.

3. SUPPLIER CODE OF CONDUCT

a) Compliance with Laws, Codes and Regulations

AEC Suppliers must comply with all applicable laws, codes and regulations as set forth in applicable procurement documents and agreements (including but not limited to proposals, invitations to bid, solicitations and resulting contracts and purchase orders).

b) Environmental, Health and Safety Practices

It is the responsibility of the Supplier to assure that its facilities are designed and safely operated in compliance with the established government and industry environmental protection policies and that they do not present unnecessary risks to the environment or public. AEC Suppliers shall maintain safe, sanitary and healthy camp and living environments for all their employees at all job sites. Such compliance shall include, but not limited to, the following:

- 1) Obtaining and maintaining environmental permits.
- 2) Proper handling and disposition of hazardous materials.
- 3) Monitoring, controlling and responsibility treating discharges generated from operations.
- 4) Conducting appropriate employee safety training and providing adequate safety equipment.
- 5) Maintaining records of safety training and monitoring safety performance.
- 6) Ensuring Suppliers' employees comply with applicable health and safety rules and regulations and perform their duties and work in a manner which will not endanger themselves or others.
- 7) Providing training required to promote sound public health and hygienic practices.

c) Human Rights & Labor Practices

AEC adheres to the principles that employees and workers be treated with respect, equality, fairness, and integrity. AEC expects its Suppliers to apply the above principles towards their employees, in respect of:

1) Human trafficking and child labor

Suppliers shall not engage in the use of force, bonded labor or involuntary labor, slavery, or trafficking of persons. Suppliers shall ensure that child labor is not used in the performance of work.

2) Diversity and equal employment opportunity

Suppliers shall provide a work environment that supports diversity in the workplace through equal employment opportunities in accordance to applicable law to qualified candidates, free from unlawful discrimination.

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3) Harassment

Suppliers shall ensure that their employee are provided an employment environment that is free from physical, psychological, verbal, and sexual harassment, or other abusive conduct.

d) Business Practices

Suppliers shall conduct their businesses in accordance with the highest standards of ethical behavior. Suppliers are expected to conform to these requirements in each of the following areas:

1) Fair Trade Practices and Anti-Trust

Suppliers shall not engage in collusive bidding, price discrimination or other unfair trade practices.

2) Ethical Sourcing

Suppliers shall source goods or services from others that meet, as a minimum, country or origin standards for health and safety, working hours, pay, employment conditions and environmental protection.

3) Trade Controls

Suppliers shall comply with all applicable trade controls, applicable export, re-export, and import trading laws and regulations, and any economic sanctions that apply to AEC's business activities.

4) Conflict Minerals

Suppliers shall take necessary precaution to ensure that the tantalum, tin, tungsten, and gold in the product they manufacture or supply to AEC does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of Congo or an adjoining country.

5) Counterfeit Parts

Suppliers shall develop, implement, and maintain methods and processes appropriate to their products to minimize the risk of introducing counterfeit parts and materials into their deliverable products to AEC.

e) Relationships, Conflict of Interest, and Communications

- 1) AEC Business Ethics Policy is that all transactions are to be conducted fairly, honestly and with integrity, according to the highest ethical standards. Abuse or violation of this ethics policy is considered dishonesty.
- 2) Suppliers and their personnel shall avoid even the appearance of unethical or compromising practices in relationships, actions or communications with regard to existing or proposed business relationships with AEC.
- 3) Suppliers shall avoid all conflicts of interest or situations giving appearance of a potential conflict of interest. This includes a conflict between the interest of AEC, AEC's employees' personal interests or those of close relatives, friends, or associates.

f) Anti-Corruption (Bribery, Kickbacks and Fraud)

No funds, assets or services shall be paid, rendered, loaned or promised for payment or otherwise dispersed by Suppliers or their representatives as bribes, "kickbacks" or other payments designed to influence or compromise the conduct of AEC or its representatives. AEC deems facilitation payments as illegal payments.

g) Gifts, Gratuities and Hospitality

- 1) Suppliers and their personnel shall not offer or provide AEC or its personnel gifts, gratuities or hospitality unless it involves nominal value and is in line with customary business practices. Nominal gifts are described as gifts of a general nature having a low value, including such items as logo inscribed pens, caps, shirts and coffee mugs. Customary business practice in terms of hospitality would include the acceptance of reasonable business entertainment and business meals. Gifts, gratuities and hospitality offered or extended by Suppliers to AEC personnel which exceed nominal value or reasonable hospitality are reportable under internal AEC policies and regulations.
- 2) For the avoidance of any doubt, AEC pays for its employee's business expenses. Suppliers are not required or requested to incur or reimburse business expenses for AEC employees.

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h) Accurate Record Keeping

Suppliers shall accurately, and securely capture, store, and retain (based on the applicable retention requirements), all business records and interactions with AEC. Suppliers shall provide these records upon request by AEC.

i) Information Protection

- 1) Suppliers shall not utilize current or former AEC employees to disclose or provide any confidential, proprietary, or other restricted business information obtained while in AEC service to influence AEC's existing or proposed commercial transactions for the purpose of gaining a commercial advantage or to otherwise damage AEC. AEC will take the necessary measures to detect any such improper business practices and will take appropriate action against current or former employees and Suppliers who violate these restrictions.
- 2) Suppliers shall protect all sensitive information, including confidential, proprietary, intellectual, and personal information obtained during its course of business with AEC.
- 3) Supplier are expected to deploy appropriate Information Security Management Systems to ensure the protection of the abovementioned information and to comply to with applicable intellectual property rights and data privacy laws.

4. MONITORING AND COMPLIANCE

- a) Suppliers shall conduct periodic internal reviews and inspections to ensure their compliance with this Supplier Code of Conduct and its applicable requirements. If a Supplier identifies areas of non-compliance, the Supplier is expected to notify the AEC Procurement Manager as to its plans to remedy any such non-compliance.
- b) AEC or its designated representatives may engage in periodic monitoring activities to confirm Suppliers' compliance with this Supplier Code of Conduct, including on-site inspections of facilities, use of questionnaires, review of publicly available information, or other measures necessary to assess Supplier performance. The supplier performance assessment will be used as a factor in the selection of bidders, or restrict Supplier access to new AEC business opportunities.
- c) Suppliers are responsible for ensuring that the standards and requirements of this Code are communicated and understood by their personnel working on or in support of AEC projects, jobs, contracts, agreements and orders. Suppliers will be held responsible for the conduct and actions of their employees.
- d) The implementation of this Policy is a shared responsibility between AEC and its Suppliers.
- e) Suppliers are to promptly disclose to AEC, on a confidential basis all current and potential incidents which give rise to the appearance of conflicts of interests and instances of unethical or fraudulent behavior by any party, including Supplier employees or AEC employees, related to any of AEC procurement and contracts business. Suppliers are to cooperate with AEC in any inquiries or investigations pertaining to past, current or potential instances of apparent unethical or fraudulent behavior or conflicts of interest related to any AEC business activity.
- f) Suppliers' employees that become aware of violations of this Policy are obliged to notify AEC. Supplier employees are to report violations and irregularities directly to AEC Governance & Ethics hotline at +966112201350, extension 4444 or by e-mail at GNE@aecl.com. Based on the assessment of information made available to AEC, AEC reserves the right (in addition to all other legal and contractual rights) to disqualify any potential Supplier or terminate any relationship with a current Supplier found to be in violation of this Supplier Code of Conduct, without any liability.
- g) Suppliers are expected to provide their employees with avenues for raising legal or ethical issues or concerns without fear of retaliation.

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5. INTERPRETATION

This Supplier Code of Conduct is a general statement of AEC's expectations and requirements with respect to its Suppliers. This Policy shall not be read in lieu of, but in addition to, any Supplier obligations set forth in a) requests for proposals, invitations to bid or other solicitation documents, or b) agreements by and between AEC and the Supplier. In the event of a conflict between this Policy and any AEC solicitation documents or applicable agreements, the terms of AEC's applicable solicitation documents or agreements shall prevail.

6. WAIVER

The requirements of this policy are not subject to waiver. Neither AEC, its Suppliers nor their personnel or representatives are authorized to propose or approve any code inconsistent with this Code of Conduct.