

SAFRAN VECTRONIX AG

RESPONSIBLE PURCHASING GUIDELINES

RESPONSIBLE PURCHASING GUIDELINES BETWEEN VECTRONIX AND ITS SUPPLIERS, SERVICE PROVIDERS AND CONTRACTORS

PURPOSE

The relationship between Safran Vectronix AG («**Vectronix**») and its suppliers, service providers and contractors of all kinds (hereafter referred to as “**Suppliers**”) is an important component to building sustainable business success.

The purpose of the Vectronix Responsible Purchasing Guidelines (“**Guidelines**”) is to express Vectronix expectations from its Suppliers. It demonstrates Vectronix intention to place the Corporate Social Responsibility (“**CSR**”) selection criteria on the same level as cost, quality, service, innovation and risk control ones. Through these Guidelines, Vectronix aims to share its commitment with its Suppliers and to be sure of their dedication to sustainable development. These Guidelines are deemed to be integral part of the contractual provisions entered into by each Supplier and Vectronix.

Vectronix expects from its Suppliers full compliance with all applicable laws and regulations of the countries in which the Suppliers’ operations are managed, goods handled and/or services provided. In addition, the Guidelines formalize the expectations that Vectronix holds for its Suppliers and throughout the supply chain. Wherever they operate, Suppliers must absolutely conduct all their business activities in compliance with these Guidelines. They are also expected to convey these principles at every step of their supply chain. Whilst Vectronix recognizes differences in cultures and legal requirements, Vectronix expects that wherever Suppliers are located, all business shall be conducted, as a minimum standard, in a manner compatible with these Guidelines.

VECTRONIX’ COMMITMENT

As part of its sustainable development initiative, Vectronix commits to deploy a CSR strategy based on following nine key principles:

1. Promote and respect human rights;
2. Nurture human talent;
3. Foster a culture of integrity;
4. Comply with international regulations concerning import and export control;
5. Archive data accurately and reliably;
6. Protect information;
7. Constantly pursue excellence in the safety/protection of people and assets;
8. Develop innovative products and processes with a lower environmental impact (CO₂, energy, chemicals and waste);
9. Request its Suppliers to implement these Guidelines.

In accordance with its CSR strategy, Vectronix is implementing a purchasing policy whose purpose is to turn purchasing into a sustainable competitive advantage over competitors, while also maintaining a balanced relationship with its Suppliers.

PRINCIPLES: In extending the deployment of its CSR strategy, Vectronix expects its Suppliers to commit themselves to respect the following principles:

I. PROMOTION OF AND RESPECT FOR HUMAN RIGHTS

Suppliers must comply with the Fundamental Conventions of the International Labour Organisation (“ILO”) as well as all regulations applicable to their activities in the areas where they operate. Vectronix expects them to promote and respect human rights within their sphere of influence.

A. Child labour

Vectronix forbids itself from using Suppliers who use child or forced labour. Suppliers must ensure that no illegal child labour is used in the completion of their work. The term “child” here refers to any person under the legal employment age in the country where the work is performed or the service rendered, on the additional condition that this legal age complies with the provisions established by the ILO.

B. Human trafficking, including forced or bonded labour

Suppliers must comply with the international regulations prohibiting human trafficking and/or forced labour in addition to the relevant local laws in the countries where they operate. Suppliers must refrain from violating the rights of others and must avoid any negative impact of their activities on human rights.

II. NURTURING OF HUMAN TALENT

Suppliers must treat all people with respect and dignity, foster diversity, demonstrate openness to diverse opinions, promote equal opportunity and foster a culture of integration and ethics.

A. Harassment

Suppliers must ensure that their employees have a working environment free of all physical, mental and verbal harassment, as well as all other forms of abusive behaviour.

B. Non-discrimination

Suppliers undertake to eliminate all forms of discrimination with regard to access to employment and career pathways and to promote employment of persons with disabilities.

C. Working hours

Suppliers must comply with legal provisions regarding maximum working hours in the countries where they operate.

D. Wages and benefits

Suppliers shall pay their employees not below to the minimum wage established by local law and provide them with all social benefits required by law. In addition to pay for regular hours, overtime hours shall be paid at a higher rate as provided for by law. If a country does not have such a law in place, overtime hours must be paid at least at the same rate as regular hours. Withholding wages as a disciplinary measure shall be forbidden.

E. Labour dialogue

Suppliers guarantee the trade union rights of their employees as well as their right to communicate freely with their managers about working conditions without fear of harassment, intimidation, sanctions, pressure or reprisals. They also recognize and respect workers' right to free association through affiliation or non-affiliation with an association of their choice.

III. FOSTERING A CULTURE OF INTEGRITY

Vectronix selects its Suppliers based on objective criteria and requires Suppliers to allow Vectronix to fully satisfy its own expectations and those of its customers.

A. Anti-corruption laws

Suppliers must comply with applicable anti-corruption laws, directives and regulations in the countries where they operate. They must not offer or make inappropriate payments in the form of cash or objects of value to representatives of government or political parties, candidates for public office, or any other person. This includes payments that are intended to expedite or secure the performance of actions by the government, such as the granting of visas or customs clearances. This also applies to regions where such actions are not punishable by local law. Payments related to personal safety are authorized in the event of an imminent important threat to health and safety. Suppliers must show due diligence with regard to preventing and detecting corruption in all commercial contracts, including partnerships, associated companies, netting agreements and the recruitment of intermediaries such as agents or consultants.

B. Illegal payments

Suppliers must not under any circumstances offer or accept illegal payments from customers, suppliers, their agents, their representatives, or from any other party. The direct or indirect acceptance, payment, or promise of cash or objects of value intended to exert influence or procure an unfair advantage is prohibited. This is also forbidden in regions where such activities do not violate local law.

C. Fraud and embezzlement

Suppliers must not under any circumstances draw any benefit from acts of fraud, embezzlement or falsification, and they must not authorize a third party to do so. This includes fraud or theft within their company or that of a customer or third party, and all forms of misappropriation of assets.

D. Competition and Anti-Trust

Suppliers must act in full compliance with competition law. Any consultation or dialogue between Suppliers concerning price, bids or business conditions in violation of competition and anti-trust laws is strictly prohibited. Participation in any cartel or conspiracy agreement is strictly prohibited.

E. Gifts and business courtesies

Suppliers are judged solely on the intrinsic quality of their products and services. Suppliers must ensure, in all their business relationships, that gifts or business courtesies given or received are authorized by law, that these exchanges do not violate the rules and principles of the beneficiary organization, and that they align with permissible market practices and norms.

F. Insider trading

Suppliers and their employees must not use any document or confidential information obtained in the course of their business relationship with Vectronix neither for transactions on companies stocks or securities nor in order to help third parties with regard to such transactions.

G. Conflict of interest

Suppliers and their legal representatives must ensure the absence of any conflict of interest or any situation that could lead to a conflict of interest. In the event of a real or potential conflict of interest, they must notify all concerned parties. This includes conflict between Vectronix' interests and personal interests or those of close relatives, friends or associates.

H. Supply Chain Due Diligence Principles

Suppliers shall comply with any and all international, European and locally applicable Supply Chain Due Diligence Principles including but not limited to human-rights and environmental related expectations. Vectronix expects all its Suppliers to be aware of human rights, environmental and social responsibilities and to always follow basic ethical principles in their activities in accordance with the present Guidelines and to establish monitoring, due diligence and training mechanisms, as well as communication and grievance mechanisms to promote and protect above mentioned rights and responsibilities, involving all relevant areas of their company and affiliates.

IV. COMPLIANCE WITH INTERNATIONAL IMPORT AND EXPORT REGULATIONS

A. Import

Suppliers must implement business practices that comply with applicable laws, directives and regulations on the import of technology, items, components, services and technical data. They must provide accurate and precise information and obtain import licenses or permissions where necessary.

B. Export

Suppliers must implement business practices that comply with applicable laws, directives and regulations on the export of technology, items, components, services and technical data. They must provide accurate and precise information and obtain export licenses or permissions where necessary.

C. Sanctions and embargoes

Suppliers must comply with all laws, directives and regulations on sanctions and embargoes that apply to exports, imports and associated financial flows, in particular, UN, US and EU sanctions.

D. Responsible mineral sourcing

Suppliers must comply with applicable laws and regulations concerning the sourcing of specific minerals (tin, tungsten, tantalum, gold, cobalt and mica) from conflict zones. In addition, they must establish a policy that allows them to reasonably ensure that the tin, tungsten, tantalum, gold, cobalt and mica contained in the items they produce do not directly or indirectly fund armed groups whose activities violate human rights. They must also, where required by law, demonstrate due diligence in choosing the source and traceability of minerals, and require the same diligence from their suppliers.

E. Counterfeits

Suppliers must implement and maintain effective measures and procedures that are appropriate in order to ensure that no counterfeit items or materials enter the supplied products.

V. RELIABLE ARCHIVING OF DATA

Suppliers must produce reliable records and not modify any saved data with the aim of concealing or misrepresenting a piece of information. All records produced or received as proof of a transaction, regardless of their format, must faithfully and fully describe the transaction. Records must also be saved in accordance with applicable data storage requirements.

VI. PROTECTION OF INFORMATION

A. Confidential/exclusive information

In addition to contractual provisions with Vectronix, Suppliers must appropriately process sensitive, confidential, exclusive and personal information. This information must not be used for any other purpose (e.g. publicity, promotion or other) than the one intended, without prior authorization from its owner.

B. Intellectual property

In addition to contractual provisions with Vectronix, Suppliers must comply with applicable laws concerning intellectual property rights, including disclosure protections, patents, copyrights and trademarks.

C. Information security and personal data protection

Vectronix data and IT system security is an essential requirement for Vectronix. Vectronix may entrust data to and/or grant its Suppliers access to its IT systems. Suppliers must comply with any security requirements that Vectronix requests of them. In order to ensure the security and integrity of Vectronix confidential information, personal data and data media in accordance with Vectronix security requirements, Suppliers shall take all necessary organizational measures requested by law and/or by Vectronix to protect them, particularly by using computer access control methods and/or encryption of confidential information and personal data.

Suppliers must process personal data provided by Vectronix in accordance with the principles of privacy by design and by default. Suppliers must make sure that appropriate computer, hardware, software security and other organizational measures are in place in order to protect personal data from any loss, alteration or unauthorized access, and they must comply with the applicable legislation on personal data protection, at least with European Union standards to the processing of any and all personal data, namely the European General Data Protection Regulation (“**RGPD**”).

VII. CONSTANT PURSUIT OF EXCELLENCE IN THE SAFETY/PROTECTION OF PEOPLE AND PROPERTY

The financial and business performance of Suppliers depends on industrial excellence. They are called upon to put in place a Health, Safety and Environment (“HSE”) management system to ensure that risks associated with their activities are identified and assessed, and that all measures are taken to eliminate or control those risks.

Suppliers must ensure the health, safety and welfare of their employees, contractors, visitors and all other persons who may be affected by their activities. They must comply with applicable laws and regulations concerning the environment, health and safety at work, as well as with the HSE policies of Vectronix sites where they operate.

VIII. DEVELOPMENT OF INNOVATIVE PRODUCTS AND PROCESSES WITH A LOWER ENVIRONMENTAL IMPACT (CO₂, ENERGY, CHEMICALS AND WASTE)

Suppliers must use their best endeavours to develop and produce innovative technologies, processes and items that have the lowest possible environmental impact throughout their life cycle. In particular, they must:

- deploy a strategy to reduce greenhouse gas emissions,
- conserve natural resources, including energy sources, water and virgin raw materials,
- limit the use of chemicals and processes that pose a risk to health or the environment,
- limit waste production and improve recycle and reuse materials,
- control production-related emissions and discharge,
- adopt an eco-design approach for new products and for upgrades of existing products.

IX. REQUEST TO SUPPLIERS TO IMPLEMENT THE PRESENT GUIDELINES

Suppliers will address these Guidelines contractually along their relevant supply chain, which means that they must contractually oblige their direct suppliers to either comply with the Guidelines or with standards of at least equivalent level and to flow down this obligation to their own suppliers along the supply chain until the origin manufacturer/supplier.

Suppliers shall conduct employees trainings and further education programs, which shall serve strengthening awareness and therefore compliance with the Guidelines.

A. Protect employees’ right to notify

Suppliers must implement measures and policies to allow their employees to freely express any problem related to legality or ethics without fear of reprisals. It is also up to them to take measures to prevent, detect and punish any act of retaliation.

B. Consequences of violating the Guidelines

In the event of breach of the Guidelines in Suppliers’ area of responsibility, such Suppliers shall immediately inform Vectronix about the situation as well as end and refrain from such breach without any delay. Should the breach be of a nature that it cannot be remedied immediately or if the breach happens in Suppliers’ supply chain, then these Suppliers must immediately draw and implement a solid concept with a detailed timeline to end or, at least, minimize the breach.

If the breach happens in Suppliers' supply chain, these Suppliers are further obliged to co-operate by implementing appropriate preventing measures against the breaching sub-supplier, such as implementing control measures, assisting the sub-supplier in the prevention and avoidance of risks, or implementing industry-specific or cross-industry initiatives which the Suppliers are part of.

The aforesaid are understood as minimum requirements and in addition to any rights Vectronix is entitled to under contract or applicable law in cases of breach or non-compliance committed by the Suppliers.

D. Ethics policy

Depending on their size and type of business, Suppliers must implement management systems to ensure compliance with laws and regulations, as well as the expectations set forth in these Guidelines. Suppliers are encouraged to establish their own responsible purchasing guidelines and code of conduct and to communicate their principles to their own suppliers. Vectronix expects its Suppliers to put in place effective programs that encourage their employees to implement the ethical practices above and beyond the requirements of the law, regulations and contractual obligations.

Important: A secure email, Safran@alertethic.com, can be reached anonymously and is open to Suppliers that wish to confidentially report situations that go against these Guidelines or ethical practices.