Avio Aero
Supplier Code of Conduct

Approved by GE AVIO S.r.l. Board of Directors
- 1st Issue March 2013: Resolution of March 5, 2013
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Introduction

GE Avio is an international Group\(^1\) active in the sector of production and maintenance of components and systems for civil and military aeronautics, committed to continuously improving the excellence of its products and services.

Avio Aero is committed to growth and the creation of value through the supply of innovative products and services for maximum level of customer satisfaction, with due regard to the legitimate interests of all categories of “interested parties”\(^2\), fair employment practices, workplace health and safety, as well as to both applicable laws and regulations governing the different areas of activity in which the company operates.

As of August 2013, GE Avio has become part of the General Electric Group, wherewith it shares the highest standards of ethical business conduct. Indeed, for the past 125 years GE has demonstrated an unwavering commitment to performance with integrity, thus acquiring worldwide reputation for lawful and ethical conduct. In order to deserve, on a daily basis, such a high level of trust, GE has drawn up its code of ethics, “The Spirit & The Letter”, both setting out rules of conduct governing key aspects of moral integrity and guiding actions, aimed at promoting corporate ethical commitment also on the side, among others, of its suppliers\(^3\). All GE Group suppliers having already accepted the principles of “The Spirit & The Letter”, upholding them as their own, must comply not only with the letter of such policies, but also their spirit.

Based on these principles, further strengthening the Company’s already high ethical standards, GE Avio is committed to conducting its business in a fair and impartial manner. All business relations shall be established and maintained with integrity and loyalty, and without any conflict of interest between Company business and personal affairs.

Avio Aero is committed to fostering the highest standards of excellence in moral, social and business management responsibilities vis-à-vis the “interested parties”.

The Supplier Code of Conduct (“Code”) sets out both Avio Aero’s requirements and expectations vis-à-vis its suppliers and the responsibilities these latter ones must take on in view of consistently behaving therewith; in order for such an objective to be achieved, Avio Aero requires its suppliers to comply with the highest standards of conduct and ethical principles in the performance of their duties as are set out in this Code of Conduct, which is intended as a guide to support each and every supplier, enabling them to pursue GE Avio’s

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1 In this Code, “Group” means GE Avio S.r.l. and its subsidiaries under art. 2359 of the Civil Code, as well as other controlled companies under art. 26 of Law Decree 127 of April 9, 1991 (hereinafter GE Avio). The text of such provisions is annexed hereto under Appendix A.

2 In this Code, “interested party” means any individual, community or organisation that may either influence GE Avio operations or be affected thereby. Interested parties may be internal (e.g. employees) or external (e.g. customers, suppliers, shareholders, local communities, etc.).

3 In this Code, “supplier” means both company, sole trader, self-employed professional or the like, in the person of their incumbent and/or legal representative, whether general or special agent, and their employees, advisors, agents, representatives, brokers or the like.
mission in the most effective way.

The Supplier Code of Conduct is a fundamental constituent of the organisational management model of internal control, which Avio Aero is committed to continually reinforcing and developing and which plays a crucial role towards ramping up Avio Aero’s own competitiveness.

In order to ensure the highest level of customer satisfaction at all times, Avio Aero selects its vendors based on their supply capacity in terms of quality, innovation, costs and services.

In view of the utmost importance attached by Avio Aero to the need for their partners to share the values of the Code and strictly abide by the laws and regulations currently in force, suppliers are selected according to appropriate objective methods, based both on their offer capacity in terms of quality, innovation, costs and services, and on the subjective requisites of integrity, honorability, consistent professionalism, category listing/associations registration, as well as lack of involvement in any criminal proceedings under Law Decree 231/01 and the absence of any suspicion whatsoever, past or present, of involvement in activities of terrorism or subversion of the public order.

Supplier selection decision criteria are based both on technical and financial data and on supplier performance indexes, such as:
- Timeliness of delivery
- Quality level
- Competence to produce the assets involved in the Request for Quotation
- Available production capacity
- Total manufacturing time
- Economic competitiveness based on:
  - Price
  - non-recurring costs
  - payment terms
  - returned goods terms
  - warranties

In view of the above, Avio Aero shall:
- spare no effort to ensure that the principles of the Code are shared by any person entertaining business relationships with Avio Aero;
- guarantee that all updates and modifications are provided on a timely basis to all recipients of the Code;
- provide appropriate training and information support in relation to questions or concerns about the interpretation of the Code;
- encourage Suppliers to refer to the contacts specified in Appendix B whenever they may have concerns regarding the Code and the most appropriate behavior. All requests for clarification shall be promptly answered and no retaliation will be taken against any supplier, whether directly or indirectly, therefor;
- ensure that any supplier who reports any breach of the Code shall not be subject to any form of retaliation;
- take equitable measures, commensurate with the type of Code violation, and guarantee their enforcement under the applicable provisions of the law, contract and internal regulations in force within the jurisdiction wherein it operates, subject to any claims for compensation whenever such behavior results in actual damages to Avio Aero, further to the provisions of
Law Decree 231/01 being applied;
• guarantee all suppliers equal opportunities in competing for (negotiating or entering into) goods or service agreements;
• guarantee all suppliers accuracy and transparency of information and uniformity in both purchasing terms and conditions and selection decision technical criteria.

Any form of retaliation against any person who, in good faith, has reported possible Code violations or who has made a request for clarification on the Code application procedures, shall constitute a violation of the Code. Likewise, anyone bringing forth charges of Code violation, being aware that no such violation has actually been committed, shall also constitute breach of the Code.

Suppliers commit to:
• comply with the requirements and policies within this Code, also attending any relevant training activities, confirming such a commitment by accepting and signing the Code;
• act and behave in a manner consistent with the Code, and refrain from any conduct that might damage Avio Aero or jeopardise its honesty, impartiality or reputation;
• hold and develop their relationships with all class of interested subjects acting in good faith with loyalty, correctness, transparency and with the due respect for the fundamental values of Avio Aero;
• promptly report any violations of the Code, according to the procedures set out in Appendix B;
• consult with the competent departments, in accordance with the contents of Appendix B, for any requests of clarification on the construction of the Code;
• cooperate fully with any investigations on Code violations, keeping the existence of said investigations confidential, and actively participating, where requested, in audit activities on the Code application;
• not to make cash in hand payments or provide any other service whatsoever unless adequately justified within the framework of due contractual relationship between the parties;
• establish and maintain stable, transparent and cooperative relationships with Avio Aero.

Avio Aero shall neither establish nor maintain any business relationships with anyone expressly refusing to comply with the principles of the Code; failure to comply therewith on the side of any one Supplier will result in the latter being removed from Avio Aero Supplier Registry.
1 User Guide to the Code

What is the Code?

The Code is a document approved by the Board of Directors containing a set of rules outlining the principles of appropriate business conduct and responsibilities of Avio Aero suppliers.

The Code is Avio Aero program aimed at ensuring effective prevention and detection of violations of laws and regulations applicable to its activities.

Where laws and regulations in force in a particular jurisdiction are more lenient than those in the Code, the latter ones shall prevail.

Who is the Code for?

The Code applies in Italy and in all other countries in which Avio Aero operates and entertains business relationships.

Where is the Code available from?

The Code may be browsed by all suppliers in an accessible area, using the most appropriate procedures and in conformity with local rules and customs and is available on Avio Aero Web Site (www.avioaero.com) from where it may be freely downloaded.

Can the Code be modified?

Ad-hoc modifications may not be made to the Code in that directly approved by the Board of Directors, however, the Code may be subjected to revision taking into account contributions by third parties, developments in legislation or best international practices, as well as the experience acquired in its application.

Code revisions are published and made available in accordance with the aforementioned procedures.
2 Business Conduct Policy

Avio Aero structures and develops its business activities requiring its suppliers to adjust their behaviors to its own business conduct values and suppliers must pursue Avio Aero business activity in accordance with the policies detailed below.

Conflict of Interest

All corporate decisions and choices adopted on behalf of Avio Aero must correspond to its best interest.

Consequently, suppliers must avoid every possible conflict of interest, with particular regard to personal or family interests, that may influence independence of judgement in establishing which is the best interest of Avio Aero and the most appropriate way of pursuing it.

Any situations that may constitute or generate a possible conflict must be immediately referred to the bodies specified in Appendix B.

Insider trading and prohibition to use privileged information

All suppliers must comply with the laws governing abuse of privileged information (so-called insider trading) pursuant to the local laws in force.

Classified Data

Access to classified data shall be strictly reserved to authorized persons, who shall operate in compliance with the procedures provided for by laws in force governing protection of such data.

Authorizations for access to classified data, granted by the competent Authorities, are periodically reviewed.

Confidentiality Obligation

Expertise and know-how developed by Avio Aero constitute a fundamental resource suppliers must safeguard. Improper disclosure of said information may in fact result in Avio Aero suffering damage to both its assets and image.

Indeed, Avio Aero will supply Confidential Information (documents, materials, data – including Intellectual Property exchanged, whether in writing or aurally, between the Supplier and Avio Aero) solely subject to suppliers entering into a “Non Disclosure Agreement” aimed at preventing improper use of such information and which safeguards, in a reciprocal manner, any Confidential Information furnished by supplier to Avio Aero.

Confidential information is at any time treated strictly in accordance with the applicable laws and regulations and “Intellectual Property” shall be governed according to the provisions of either General Terms of Purchase or any other instrument entered into or accepted by the parties.
Consequently, suppliers may not disclose to third parties Avio Aero’s technical, technological and commercial information and expertise, nor any other information that may not have been made public, unless disclosure is provided for by either applicable laws or regulations and whenever expressly provided for by contract or agreement whereby the parties have committed themselves to using said information exclusively for the purposes for which it was supplied and maintaining it confidential.

The Confidentiality obligations under the Code extend beyond the end of the contract.

**Bribery and illicit payments**

 Suppliers are bound to comply with the law and the highest standards of integrity, honesty and fairness in all dealings within and outside Avio Aero.

No supplier shall directly or indirectly accept, solicit, offer or pay money or other benefits, even as a result of unlawful pressure.

Gifts or gratuities (when permissible by the laws in force) to public officers and persons in charge of public services or public officials shall be of modest value and proportionate and, in any case, such as not to be construed as aimed at obtaining undue advantages.

It is therefore forbidden for suppliers to offer commercial gratuities, gifts or other benefits that may be in breach of laws or regulations or of the Code or, if made public, may result in Avio Aero being prejudiced, much as only in terms of its image.

It is likewise forbidden for any persons to accept gratuities, gifts or other benefits that may compromise their independence of judgment. To this end, suppliers must avoid situations where personal interests may be in conflict with the interest of Avio Aero.

Avio Aero shall not tolerate any kind of bribery, in any form or manner, in any relevant jurisdiction, even in those where such activities are permitted in practice or not prosecuted, of either public officials, in Italy and abroad, and any private entities.

Suppliers must not make promises or commitments in money or in kind of any amount or value whatsoever to Avio Aero’s employees, its legal representatives, agents and sales representatives, designed to promote or favor the interests of the Supplier or that may in any case appear to be so designed and must not circumvent the foregoing by resorting to different forms of gratuities of benefits, such as special concessions or other benefits to relatives or Companies, associations, or bodies wherein Avio Aero employees, its legal representatives, agents and sales agents may have some interests.

Suppliers shall draw up an appropriate internal procedure in order to prevent and detect possible violations as described in the previous paragraphs, and verify its effective implementation by their employees, consultants, agents and sales representatives or the like.

**Prevention of Money Laundering**

Suppliers shall never carry out or be involved in any activities implying laundering (i.e., either acceptance or handling) of proceeds of any criminal activities in any form or manner whatsoever.
Prior to establishing any business relationships, Avio Aero checks all data (including financial information) on business partners and suppliers in order to establish their integrity, respectability and the legitimacy of their business activities.

Supplier must at all times comply with the laws governing money laundering in any competent jurisdiction.

**Competition**

Suppliers acknowledge the fundamental importance of competitive markets and are committed to complying with the rule of law governing competition, wherever they operate.

Suppliers shall avoid such business practices (establishments of cartels, market sharing, limitations to production or tied sales, tying arrangements, etc.), as may result in violation of the competition laws.

Within the framework of fair trade practices, suppliers shall not knowingly infringe on third party intellectual property rights.

**Embargo and Export Control Laws**

Suppliers ensure that under no circumstances shall their business activities be in violation of embargo and export control laws in force in the countries where they operate.

**Privacy**

During the performance of their activity, suppliers collect a significant amount of personal data and reserved information that they commit to process in compliance with all laws in force regarding privacy and in compliance with the best procedures for privacy protection.

For this purpose, suppliers guarantees a high level of safety in the selection and use of their IT systems intended for the processing of personal data and reserved information.

**Advertising or Use of Avio Aero name**

Avio Aero must be informed of any uses made of its name, logo or any reference whatsoever that may clearly identify the Company, for advertising purposes through both commercial activities and means of communication (print media, television, the Internet, etc.).

Therefore, suppliers may not use Avio Aero name or make reference, for advertising purposes (for instance, to provide implicit quality/reliability warranties) to products procured to Avio Aero without prior written consent from the latter.

Suppliers must receive formal letter of authorization prior to displaying goods or products designed or, in any case, manufactured according to Avio Aero specifications.

**Agents, Representatives and Commercial Promoters**

Avio Aero shall foster direct contact with Suppliers, avoiding, whenever feasible, the use of Agents, Representatives and/or Commercial Promoters or the like.

Agents, Representatives and/or Commercial Promoters violating the provisions and behaviors set out in this Code shall be held jointly and severally liable with their respective Companies,
for any damage caused to Avio Aero, also under any such clauses, as may be provided for in their respective contracts.

In the event Agents, Representatives and/or Commercial Promoters are requested to maintain business relationships with the Public Administration (in Italy or abroad) on behalf of Avio Aero, upon their appointment the person in charge shall grant them express authorization thereto by delegation of Authority to be clearly described in the contract and, where necessary, by special powers in writing.

Agents, Representatives and/or Commercial Promoters shall promptly notify, prior to their establishment, to the relevant contact within Avio Aero, any relationships with the Public Authorities that may not be authorized upon said appointment, highlighting such criticalities or conflicts of interest that may arise therefrom.
3 Staff

Suppliers acknowledge the following principles, which confirm the importance of respecting the individual, in compliance with the national laws and the fundamental Conventions of the International Labor Organization (I.L.O), guaranteeing equal treatment and excluding any form of discrimination, namely by:

- committing to offer equal working and promotion opportunity to all staff, guaranteeing that for all work relationship aspects, such as, among the others, employment, training, income, promotions, transfers and termination of the same relationship, staff are treated in a manner adequate with their capacity to satisfy the requisites of the task, avoiding every form of discrimination and, in particular, discrimination for race, sex, age, nationality, religion and personal beliefs;
- not using child labor, meaning not employing persons with an age lower to that established by the regulations in force for the work introduction and, in any case, with an age lower than fifteen, unless otherwise expressly provided for by international conventions. Avio Aero further commits not to establish business relationships with suppliers using child labor;
- not accepting any type of harassment or unwanted behavior, like those connected to race, sex or to other personal characteristics having the aim or the effect to violate the dignity of person to whom such harassment or unwanted behaviors are aimed, both within and outside the workplace;
- striving for all members of staff to keep the work environment dignified, where everyone’s dignity is respected;
- committing to protect the privacy of individuals in relation to information concerning both private life and opinions of each member of staff and, more in general, of whoever may interact with the Company.

In particular, respect for the dignity of the working individual shall also be ensured through the protection of privacy in correspondence and interpersonal relationships among members of staff, through the prohibition of any interference in conferences or discussions, as well as intrusion or form of control, which may affect the human personality. To this end, all personal data shall be stored in appropriate databases, which shall be accessible only to the authorized persons, as provided for by the laws in force. In particular, as regards Italian Companies, information identified by law as “critical” or “legal”, shall be stored according to the data protection programmatic document and shall be made accessible to both “managers” and “persons in charge” of such DBs.

Hiring

Relations between Avio Aero and its Suppliers in respect to the hiring, by the latter ones, of Avio Aero members and former members of staff, shall be governed by the utmost transparency.

Therefore, Suppliers shall in no case solicit hiring of or cooperation agreements (such as consulting contracts) with Avio Aero members and former members of staff, whether directly or through a third party (such as head-hunters, agents, brokers, subsidiaries or parent companies, etc.).

In the event of non-solicited contacts by suppliers, the latter ones must inform Avio Aero of their intention to acquire specific skills and expertise possessed by persons operating,
currently or in the past, with Avio Aero through either employment or advisory contracts. In order to comply with Italian regulations protecting personal data (Law Decree 196/2003 and its modifications and additions), Suppliers shall obtain express authorization from the employee or former employee to disclose the information contained in this article.

Suppliers shall inform Avio Aero, by notice in writing, of the number of Avio Aero employees, consultants and former members of staff employed during the previous six-month reference period.

In such situations, as may be in contrast with the above guidelines, Suppliers shall cooperate with Avio Aero in good faith to resolve any issues and, in any case, safeguard Avio Aero interests.

Failure to comply with the afore provisions shall be construed by Avio Aero as an act of unfair competition, that may result in discontinuance of supply contractual relationships.
4 Health, Safety, Security, Hygiene and Environment

Avio Aero shall not compromise on the protection of health and safety of its employees in the workplace and shall not expose Suppliers to unnecessary risks, which may cause damage to their health or physical safety.

Suppliers’ decision-making and behavior shall further be guided by the following basic principles:

• avoid risks;
• assess risks that may not be avoided in relation to health, safety, hygiene and environment;
• eliminate risks and, if that is not feasible, reduce them to the minimum possible, consistently with the information and expertise acquired through technological development and evolution;
• adjust work to the individual, in particular, with reference to job creation planning and the choice of machinery and equipment, as well as work and production methods, in such a way as to mitigate monotonous repetitive work, thus reducing the impact of such activities on workers’ health;
• reduce risks at source;
• take into account the level of technical evolution;
• systematically reduce and, where possible, completely eliminate any elements of risk or danger;
• plan preventive actions, aimed at a consistent situation integrating within the same area technology, work organization, working conditions, external Company relations and impact of working environment factors;
• prioritize collective protection measures over individual protection measures;
• give staff suitable instructions;
• put in place adequate training and information activities.

Avio Aero shall pursue the aim of ensuring effective management of health, safety, hygiene and the environment, which it considers critical to its success, and adopt an effective environmental management system complying with all relevant national and international regulations on health, safety, hygiene and the environment.

All those working for Avio Aero are responsible for the good and proper management of both health, safety and hygiene in working conditions and environmental issues.

Avio Aero shall adopt an effective environmental management system complying with all relevant national and international legislative requirements and guided by the following core principles:

• do not pollute;
• optimize the use of resources at all times;
• develop more and more environmentally compatible products.
5 Provisions governing “administrative liability” of either company or relevant entity

This Code is globally adopted by Avio Aero to express the principles of “corporate ethics”, that Avio Aero acknowledges as its own and whereof it requires strict observance by all its Suppliers.

In view of both improving Avio Aero Corporate Governance and safeguarding its image, the expectations of its partners, as well as the work carried out by its Suppliers, deeming it to be in compliance with its own corporate policies and consistent with the general principles of this Code, Avio Aero has decided to proceed with the adoption and implementation of specific tools, applicable to Avio Aero, which will allow, through well-defined rules and protocols to be applied within the framework of the so-called “critical” activities and processes, to limit risks, thus preventing, in the best possible way, specific types of crimes from being seemingly committed to the advantage of the Company or in the interest of Avio Aero and such as to result in criminal administrative responsibility charges under the provisions of either Italian Law Decree 231/2001 or similar laws, in force in the foreign countries in which Avio Aero operates.

Corporate processes are regarded to be critical whenever they may be construed as:

a) crimes committed within the sphere of the relations with the Public Administration;
b) crimes of organized crime;
c) corporate crimes;
d) crimes of terrorism or subversion of the democratic order;
e) crimes against the fundamental rights of freedom;
f) transnational crimes;
g) crimes of manslaughter or serious injury committed in breach of the accident prevention and health and safety at work regulation;
h) environmental crimes;
i) crimes against public faith and against industry and trade;
j) computer crimes and unlawful treatment of data.

Regarding the regulatory provisions contained in Law Decree 231/2001, all Avio Aero Italian Companies have adopted (or planned to adopt) their own Organization, Management and Control Model, whose provisions must be complied with in order to guarantee that the Company be exempted from the administrative liability under said Law Decree 231/2001.

Avio Aero foreign companies have adopted (or planned to adopt) the “231 Guidelines for Group foreign companies” precepts issued by Avio Aero, setting out both general and specific behaviors needed to manage such activities, as are deemed to be critical in connection with crime commission risks as defined by local laws and regulations corresponding to Italian Law Decree 231/2001 and/or, in any case, such behaviors, as may be deemed to constitute a criminal act under Avio Aero corporate policies, much as they may not constitute a crime within the framework of the relevant applicable set of rules. The aforementioned document may be browsed in the “Law Decree 231/2001” section on Avio Aero Web Site (www.avioaero.com).
Compliance with and implementation of the provisions set out by both Organization, Management and Control Model, as adopted by the Italian Companies, and 231 Guidelines, as adopted by the foreign Companies, by all Employees, Corporate Boards, Consultants and Partners of Avio Aero, is integral and substantial part of the provisions of this Code.
Appendix A – Definition of Subsidiary Company according to the Italian law

Art. 2359 of the Civil Code:

Subsidiary Companies are:

1) Companies in which another Company possesses a majority of votes that may be cast at a general meeting;

2) Companies in which another Company possesses enough votes to exercise a dominant influence at a general meeting; and

3) Companies that are under the dominant influence of another Company by reason of particular contractual arrangements therewith.

For the purposes of the application of items 1) and 2) of the first paragraph, voting rights of controlled companies, trust companies and proxy votes shall also be counted; votes on behalf of third parties cannot be counted.

Companies in which another Company exercises significant influence shall be considered associates. Influence is presumed to occur whenever one company can exercise at least one-fifth of the votes at an ordinary shareholders meeting, or at least one-tenth, if the Company has shares listed on the Stock Exchange.

Art. 26 of Law Decree 127 of April 9, 1991:

1) For the purpose of art.25 controlled enterprises include those under par 1, 1) and 2), of art. 2359 of the civil code.

2) For the purpose thereof, controlled enterprises also include:

   a) enterprises over which another has the right, by virtue of either contract or clause in the articles, to exercise a dominating influence, when applicable laws permit such contract or clauses;

   b) enterprises in which a shareholder, pursuant to an agreement with other shareholders, controls a majority of voting rights.

4) For the purposes of the application of the foregoing, voting rights of controlled companies, trust companies and proxy votes shall also be counted; votes on behalf of third parties cannot be counted.
Appendix B – Interpretation and raising of concerns

For any queries on specific provisions or requests for clarification in respect to the Code, Suppliers are invited to contact the Sourcing Department.

Any grievances\(^4\) by suppliers in relation to this Code may be referred to either “Organismo di Vigilanza” (Supervisory Committee), Ombudsperson or such channels, as will be identified to this end by Avio Aero Companies and notified by Sourcing Department.

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\(^4\) For the purpose of this Code, “grievance” means any concern, or issue, doubt, uncertainty, anxiety, suggestion, violation, infraction relating to integrity issues.
Appendix C – Acceptance of Code

The Undersigned Supplier hereby declares to be aware of the contents of Law Decree 231/2001 and agrees to conform with the general concepts expressed therein; that they were never indicted for criminal offences thereunder (should it be the case, the Undersigned shall furnish full explanation thereon in order for the Company to exert a higher degree of caution in the event consulting relations were to be set up); that they have read and understood in full the contents of this Code, thus signing it for full acceptance of both its contents and of its being integral part of the obligations arising from supply relationship with Avio Aero.

The Undersigned further understands the obligation to report any violations of the contents of the aforementioned Code, to such persons, as are identified in Appendix B to the Code.

Family name, Given name: ..............................................................

Company/Position: ..............................................................

Date: ........................................................................

Signature: ........................................................................