



Supplier Code of Conduct

OUR MESSAGE TO SUPPLIERS

AVIC Cabin Systems' reputation is founded on trust, integrity and delivering what we promise. Our future success depends upon us maintaining and building on our reputation.

AVIC Cabin Systems' business priorities are reflected through its corporate values:



Ethics and Integrity

Become accountable and maintain the highest ethical standards in all we do.

Innovation

Innovate to create winning products, grow our market and our businesses

Operational Excellence

Strive to deliver the best, "what we do, what we do well.;" succeed by embracing challenges

Working Together

Think and act as one team sharing knowledge, skills and experience whilst respecting others and valuing diversity

Customer Focus

Keep customer needs to the forefront, staying true to our promises and delivering real value

AVIC Cabin Systems has adopted global standards to ensure we conduct business fairly and honestly in support of our corporate vision:-

A connected world through an exceptional flying experience

The global business environment in which we operate grows ever tougher and presents us with unprecedented challenges. However, some things remain clear and constant. Our culture of acting ethically and with integrity at all times, helps our business and reputation thrive, protecting our shareholders, stakeholders and our employees.

This Suppliers' Code of Conduct sets out in detail the expectations we place on our suppliers in order to meet our Responsible Supply Chain Management objectives and also sets out what our suppliers can expect from AVIC Cabin Systems in return.

1. Introduction

AVIC Cabin Systems is committed to operating and developing its business in a socially, economically and environmentally responsible and sustainable manner in order to offer real long-term value to our customers, shareholders, suppliers and employees.

Our requirement is for our supply chain to share these commitments and to continually improve its social, economic and environmental performance. We believe that managing our supply chain responsibly and sustainably will bring shared benefits to both AVIC Cabin Systems and its suppliers.

2. Corporate Responsibility and Sustainability (CR&S) at AVIC Cabin Systems

Priorities

AVIC Cabin Systems has four key corporate responsibility and sustainability (CR&S) priorities.

These are:

- Demonstrating and maintaining the highest ethical standards to build trust with our customers, shareholders, suppliers and employees;
- Creating a work environment that attracts, retains and engages employees of all background
- Providing safe working environments, products and services for our employees, contractors, visitors, customers and end users; and;
- Managing our environmental impacts to the local and global environment, and minimising our impacts wherever practicable.

AVIC Cabin Systems' Corporate Responsibility and Sustainability (CR&S) objectives

AVIC Cabin Systems' CR&S objectives for itself and its supply chain are:

- To be legally compliant with all laws and regulations in the jurisdictions in which it conducts its business, including accepted international laws;
- To abide by all contractual requirements that have been agreed between both parties;
- To ensure that human rights are not abused as a consequence of its operations and supply chain
- To achieve accident and incident free workplaces, products and services
- To minimise environmental impacts and use energy and natural resources efficiently, wherever practicable.

AVIC Cabin Systems' Approach to Responsible Supply Chain Management

AVIC Cabin Systems' approach to Responsible Supply Chain Management (RSCM) is based on the guidance set out in ISO 20400: 2017 – Sustainable Procurement.

The focus of ISO 20400 is to identify, prioritise and mitigate inherent significant risk in our supply chain in order to ensure that we have a sustainable supply to meet our customers' requirements.

The approach assesses the key inherent risks against each supply category and where considered significant will be the subject of an appropriate due diligence assessment and the implementation of suitable and proportionate mitigation actions where necessary.

Actions could include, but are not limited to, supplier engagement, supplier education, supplier development or sourcing alternative suppliers.

3. Purpose of the Suppliers' Code of Conduct

The purpose of this guide is to set expectations and provide guidance for our suppliers and those wishing to work with AVIC Cabin Systems in the future.

AVIC Cabin Systems will expect its existing and future suppliers to be able to demonstrate their means of compliance and their current levels of compliance with all of the standards listed in section (4) below and to produce auditable evidence upon request.

4. The Code of Conduct for Suppliers

In addition to complying with all relevant laws, regulations and contract requirements, AVIC Cabin Systems' Suppliers' Code of Conduct is as follows:

Payment Terms and Conditions

- We will pay our suppliers in accordance with the terms we agree and we expect our suppliers to adopt the same standards with their sub-suppliers. We will not knowingly award contracts that economically disadvantage our suppliers in the long term.

Business Continuity

- As a responsible business we expect to operate continuously to meet the needs of our customers and have developed business continuity plans to ensure continuity of supply appropriate to the value at risk. Some of our suppliers are critical to this requirement. We expect our suppliers to operate and communicate business continuity plans appropriate to the nature of their business.

Whole Life Cost

- When we engage with the supply chain to procure materials, products and components, we will use a whole life costing approach to account not only for upfront capital costs, but also in-use, maintenance and disposal costs. This is relevant to both the plant and equipment we purchase for our manufacturing operations (for which we have the total cost of ownership), and to the components that go into our designs for customers' products (which should be as efficient as possible in use, maintenance and disposal). This will give the business and our customers longer term value for money.

Financial Responsibility Including the Keeping of Accurate Records

- All books, records, accounts, and financial statements must fully, fairly, accurately and timely reflect the nature of the transactions recorded and must conform both to applicable legal and accepted accounting principles and to AVIC Cabin Systems' system of controls where appropriate. Suppliers are required to keep accurate records of their time where required. Financial transactions must be lawful, made for the purposes stated and authorised appropriately. Forging or altering documents is an act of fraud.

Anti-Competition

- We expect our suppliers to comply with all competition and anti-trust laws applicable in the countries where they operate. Suppliers must not make any formal or informal agreements or have formal or informal discussions with competitors regarding prices or pricing policies, allocating customers, supplier or customer selection or classifications, or allocating markets or territories in which competitive products are sold, customer or supplier boycotts, excluding competitors from the marketplace, or unfairly restricting trade or any other similar competitive information.

Fair Dealing

- We expect our suppliers to compete in the marketplace on the basis of their products, technology, know-how, quality, service, price and similar competitive factors. Suppliers must not seek to gain any improper advantage through the use of manipulation, concealment, dishonesty, abuse of privileged information, misrepresentation of facts, or any other unfair dealing practice.

Export and Import Compliance

- We expect our suppliers to conduct all import, export and re-export activities and/or transactions involving AVIC Cabin Systems in full compliance with all applicable import and export control laws and regulations.

Confidential Information and Intellectual Property

- AVIC Cabin Systems' success is dependent on its intellectual property and it must be preserved and protected against disclosure, whether intentional or unintentional. Intellectual Property includes, but is not limited to, trademarks, copyright, patents, inventions, know-how, design, mask works, and trade secrets. Suppliers will be assessed to ensure they have the necessary authorisations and controls in place to receive and protect such information. Suppliers will be expected to sign up to, and abide by, legally binding Non-Disclosure Agreements with regard to information obtained as a result of working with AVIC Cabin Systems.

Bribery and Corruption

- We actively oppose all forms of bribery and corruption. We expect suppliers to have appropriate procedures in place to support this position.

Gifts and Business Courtesies

- The exchange of gifts and entertainment can promote successful working relationships and goodwill between parties. However, there is also the risk that a gift, entertainment or hospitality may be deemed to be an attempt to improperly influence a business decision, which can harm our reputation and may result in civil and criminal penalties. Regardless of value, even the appearance of influence must always be considered before acceptance. We expect suppliers to respect all laws and regulations in this regard and to refrain from offering gifts, entertainment or hospitality to AVIC Cabin Systems employees if there is an intention to influence a business decision, secure an improper advantage, create a conflict of interest; or create the appearance of doing so.

Human Rights

- We support the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We expect our suppliers to exercise due diligence over their supply chains to support these principles on a risk prioritised basis. Our main priorities with respect to human rights are:
 - Modern Slavery & Human Trafficking - We oppose modern slavery and human trafficking in all its forms and seek to identify and eradicate its occurrence

within our own operations and within our supply chain wherever possible through a due diligence process. We expect our suppliers to work likewise towards operations and supply chains that are free from slavery and human trafficking and to:

- Communicate the requirements of the applicable legislation and of AVIC Cabin Systems' policy and our zero tolerance approach to all of its third parties and supply chain and hold their suppliers to the same high standards.
- Ensure any contracts or purchase orders flowed down to the supply chain contain the relevant language to mitigate risk
- Raise any concerns or suspicion of modern slavery or human trafficking in any parts of its business or supply chains to AVIC Cabin Systems and appropriate authorities.
- Conflict Minerals - We are working towards eradicating the use of minerals sourced from mines used to finance armed conflict and human rights abuses. We expect our suppliers to supply all raw materials, components and subassemblies from responsibly sourced minerals in accordance with relevant legislation and best practice and be able to demonstrate this through due diligence processes.
- Labour Standards - We expect our suppliers to:
 - Provide workplaces that aim to be injury-free and incident-free for all employees, visitors and contractors
 - Pay their workforces at least a statutory minimum wage
 - Support the principles of freedom of employment choice and freedom of association
 - Eliminate child labour in a way that is sympathetic to the needs of the local community
 - Provide a working environment that is free from bullying, harassment, intimidation or fear,
 - Ensure equal opportunities for all in employment without discrimination on grounds of race, religion, sex or sexual orientation.

Quality

- As a minimum, AVIC Cabin Systems expects all of our suppliers' quality systems to be compliant with the requirements of ISO9001 and in many instances we will require full compliance with more demanding standards such as AS9100, NADCAP, ISO13485 or others as required by our product and customer.

Counterfeit Supplies

- AVIC Cabin Systems takes its responsibilities in this area very seriously; we work with all industry bodies to maintain visibility of potential counterfeit issues and we expect our suppliers to apply the most stringent checks to ensure that no counterfeit items enter our supply chain.

Social License to Operate

- We expect our suppliers to maintain a social license to operate. This means working with the communities in which they operate to:
 - Minimise disruption to neighbours and have an effective business complaints mechanism;
 - Provide full and fair opportunity for local companies and local people to be engaged with the business at the most appropriate level;
 - Demonstrate a contribution to their local community in a way that is appropriate to their business.

Ethical Complaints

- We expect our suppliers to operate an ethical complaints mechanism that:
 - Is publicised to their workforces and suppliers in a language and medium they can understand
 - Ensures prompt response to and resolution of any complaints
 - Enables independent investigation and feedback to the complainant on the course of action to be taken
 - Is transparent, with outcomes of all investigations made public where possible.

Environmental Protection

- Our suppliers should operate appropriate environmental management systems in order to mitigate any significant risks related to pollution of land, air or water caused by their business.

Hazardous Materials

- We are committed to phasing out from our products, substances that are considered dangerous to human health and the environment in accordance with all applicable legislation and customer specifications. Where suitable alternatives are not available we will seek to obtain legal authorisation for the ongoing safe and efficient use of existing substances and will work with industry partners to source less hazardous replacements over time. We at all times expect suppliers to provide all necessary information as we may request of them in order for us to meet our legal and customer requirements.

Resource Use Efficiency

- Our product designs and the supply chains supporting them will be expected to incorporate a Design for the Environment (DfE) approach in order to be resource efficient. This is an integral part of our structured approach to product development. As such we expect our suppliers to work with us to:
 - Use energy and water as efficiently as possible across their business and all stages of production, where practicable;
 - Identify areas of high energy and water usage, 'hotspots' and develop opportunities to reduce consumption, wherever practicable;
 - Avoid the use of scarce natural resources;
 - Reduce waste from their operations;
 - Use recycled and secondary materials in the design and supply of their products where possible;
 - Enable effective product re-use or recycling at end of life by using ecodesign principles;
 - Design and achieve our low energy, low weight objectives for products.

Right of Audit and Inspection

- AVIC Cabin Systems reserves the right to audit and inspect its suppliers to ensure that they conform to this Suppliers Code of Conduct and comply with all agreed terms and conditions of purchase. Suppliers are expected not to unreasonably withhold information or refuse such inspection requested for this purpose.

Preferred Suppliers

- Suppliers that can clearly demonstrate support for AVIC Cabin Systems' CR&S objectives and requirements in addition to meeting or exceeding the specific requirements of, and inherent risks identified with, the product or service being procured will be considered favourably.

5. Applicable Documents

The following publicly available documents are applicable to governing the business relationships between AVIC Cabin Systems and its suppliers; please note that this list is not intended to be exhaustive and other standards will apply in some geographies and legal jurisdictions:

- AVIC Cabin Systems Suppliers Code of Conduct
- ISO 20400: 2017 – Sustainable Procurement
- BIP 2203: The Sustainable Procurement Guide. Procuring sustainably using BS 8903
- Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights
- U.S. Code § 2320 - Trafficking in counterfeit goods or services.