



Employee Code of Conduct

Doing What is Right
Every Day in a
Complex World





Table of Contents

- Letter from the CEO 3
- Purpose and Scope 4
- Ethical Decision Tree 5

Anti-Corruption & Business Ethics

- Anti-Corruption Policy 6
- Conflict of Interest Policy 8
- Gift and Hospitality Policy 10
- Charitable and Political Contributions Policy 12

Human Rights

- Human Rights Policy 14
- Discrimination and Harassment Policy 16
- Diversity Policy 18
- Health and Safety Policy 20
- Data Privacy Policy 22

Security

- Security Policy 24

Environment

- Environmental Policy 26

Global Trade Compliance

- Export Control Policy 28
- Competition Law Policy 30

- Report Your Concerns 32
- Disciplinary Measures 33
- List of Human Rights 34
- Vision, Mission, Values, and CSR Compass 35

Letter from the CEO

Dear Colleagues,
 Terma has a long and successful history and this we owe to our talented and devoted employees. We know that good companies are built by ethical people who are able to choose the right course of action, behavior, and attitude when faced with difficult dilemmas.

However, we see that our business context is changing: Terma is growing and extending its presence to new and more complex markets. We are faced with growing requirements, not only from regulators and customers, but, also, from society as a whole.

In this shifting environment, now, more than ever before, we need to clearly communicate Terma's commitments and business culture and protect our employees by providing guidance on how to navigate in this environment.

This Employee Code of Conduct highlights the behavior and the culture we value in Terma and provides guidance and support to our employees in choosing the right course of action when facing workplace dilemmas.

Behaving in an ethical manner is everyone's responsibility, and we expect all our employees to honor this commitment in their everyday work.

Being part of Terma makes me proud, and I want our organization to continue to represent the foremost culture in the industry. Our Employee Code of Conduct is an integral part of our efforts in this area.

Thank you for your support and your engagement.

Jes Munk Hansen
 CEO & President





Purpose and Scope

The Employee Code of Conduct is applicable to all Terma employees located around the world.

Terma’s Employee Code of Conduct describes Terma’s commitments, what we need to comply with, and how we can help each other in our daily routines to live up to these commitments.

It is divided into five overall topics: Anti-Corruption & Business Ethics, Human Rights, Security, Environment, and Global Trade Compliance. The Employee Code of Conduct outlines policies and the conduct required, as well as includes scenarios to better illustrate real-life dilemmas.

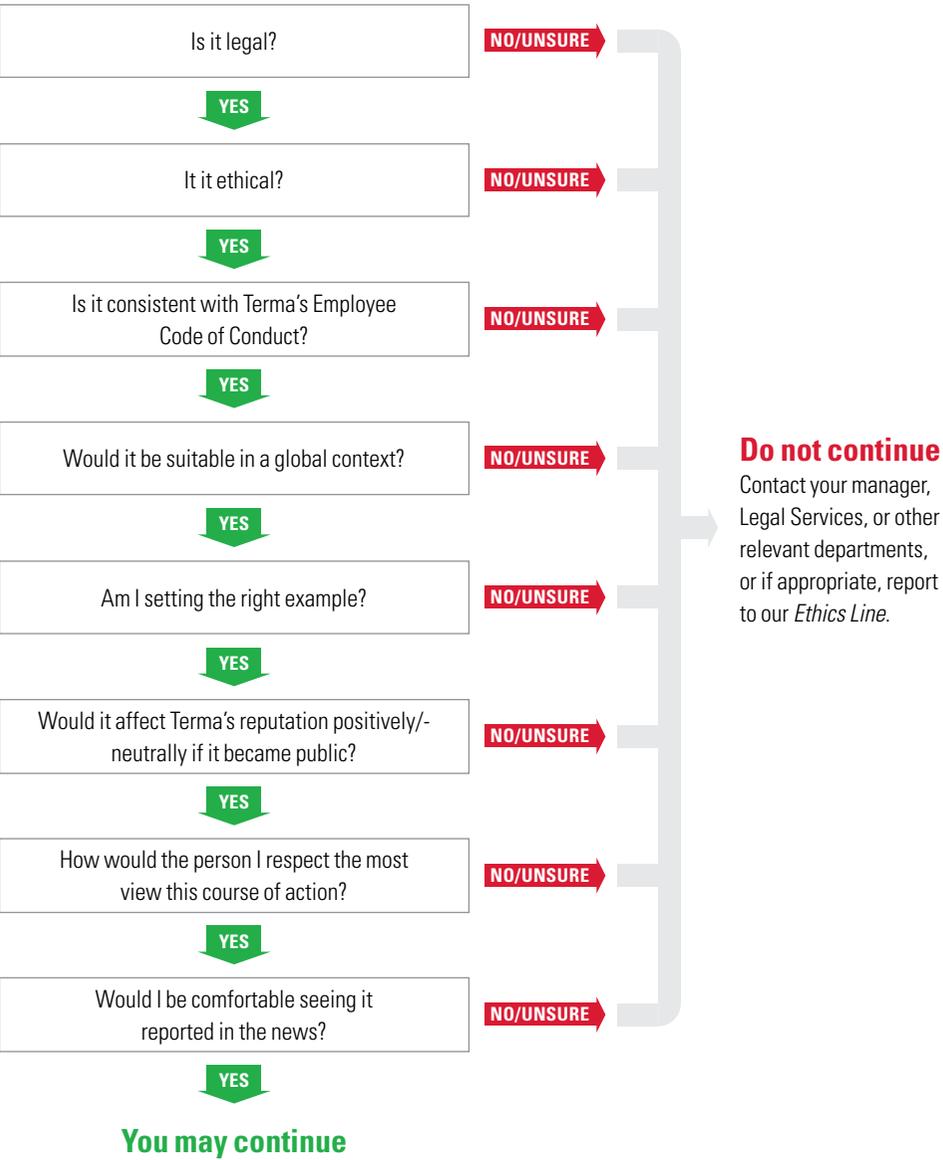
To support the policies in the Code, relevant procedures have been developed. For further details, please see Terma’s Management System.

Employees who believe there has been a violation of this Code of Conduct should report it through Terma’s Whistleblower system *Ethics Line* or *Tell us your concerns* system. All reported incidents will be handled in a confidential and professional manner without fear of retaliation for reporting. Read more about the two systems in the section Report your concerns on page 32-33.

Requirements towards third parties are described in Terma’s Third Party Code of Conduct.

To guide our employees, an Ethical Decision Tree has been made. When faced with a dilemma, go through the Ethical Decision Tree and you will be guided on how to act.

Ethical Decision Tree



Anti-Corruption Policy

Introduction

Corruption and corrupt practices come in many forms but all have in common that they promote inequalities, lead to distortion of competition, place employees and businesses at risk, tarnish reputation, and have a detrimental effect on society.

As a global company, Terma is exposed to diverse and sometimes challenging environments. In our industry, Terma is a supplier to many major projects and works with a wide array of partners. It is essential that the relationships we build are based on trust and a mutual understanding of responsible and ethical business conduct. Being upright and trustworthy are essential in any business relationship.

Scope and Definition

Bribery, kickbacks/commissions, facilitation payments, extortion, conflict of interest, fraud and embezzlement are among others some of the many various forms of corruption. These are all defined in our Anti-Corruption Compliance Program.

Our Commitment

Terma has a zero tolerance policy towards all forms of corruption and corrupt practices.

To Fulfill This Commitment, We Will:

- Always ensure that our employees are trained properly and aware of the corruption risks they face.
- Terma's Anti-Corruption Compliance Program will further guide our employees, ensure good business conduct, and comply with legal requirements. The program will describe why and how we work with anti-corruption.

Compliance

Terma's Anti-Corruption Compliance Program complies with relevant national and international legislations including, but not limited to, the Danish Criminal Code, U.S. Foreign Corrupt Practices Act, and the UK Bribery Act.

What is Expected of You?

We expect you never to engage in bribery, facilitation payments, or any other forms of corrupt practices. You are expected to comply with Terma's Anti-Corruption Policy and relevant procedures.

If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt, discuss the issue with your manager and/or the CSR & Compliance Department.

We help each other by:

- **Working with integrity and setting the right example. As employees, we are ambassadors for Terma and should in all our business dealings behave ethically.**
- **Speaking up if we witness someone engaging in corrupt practices.**
- **Being transparent about our challenges and business dealings, and addressing issues openly. We should utilize our colleagues as moral compasses.**

When I went through customs, the customs official confiscated my package and said it would take 1 week before they could release it. I know I have filled out all the paperwork correctly. He told me he could expedite the process for USD 20. My customer is unhappy and I do not want to jeopardize the business relationship. Can I pay the customs official?

You should ask the customs official to explain the fee. If you can receive confirmation that the fee is indeed legal and get a receipt as well, then you can make the payment. If not, then the customs official is asking for a facilitation payment. You are not allowed to make such a payment. You should explain Terma's zero-tolerance policy to the customer as well as inform your manager and the CSR & Compliance Department.



Conflict of Interest Policy

Introduction

Terma respects its employees and their privacy. Nonetheless, we acknowledge that a conflict of interest can arise if the personal interests of an employee or an individual close to an employee (i.e. family member, close friend) diverge from those of Terma.

In such circumstances, the ability of an employee to act with objectivity at the workplace could then be questioned. For instance with personal, social, financial, or political activities interfering or potentially interfering with their loyalty to Terma.

Transparency is key in ensuring that there is no unresolved, implied, or actual conflict of interest. It is both in the interest of Terma and the employee.

Scope and Definition

A conflict of interest may exist when an employee's personal interests diverge from the interests of Terma.

Typical examples of conflicts of interest are: hiring relatives/close friends, being a manager for a relative/friend, using relatives/friends as suppliers of goods or services, or having a financial interest in any transaction involving purchase or sale by Terma of any products or services.

Our Commitment

No personal interest should ever come above the interest of Terma.

To Fulfill This Commitment, We Will:

- Ensure that all our employees are aware of, and trained in, Terma's Conflict of Interest Policy.
- Be transparent and talk openly about potential or actual conflicts of interest.

Compliance

Terma's Conflict of Interest Policy is part of our Anti-Corruption Compliance Program and, therefore, complies with relevant national and international legislations including, but not limited to, the Danish Criminal Code, the U.S. Foreign Corrupt Practices Act and the UK Bribery Act.

What is Expected of You?

You are expected to adhere to the highest integrity standards and to avoid any conflict of interest.

Never use your position, role, or corporate information, or act in any way contrary to the interest of Terma, to seek or gain benefits for yourself, your relatives, friends, or other third parties.

If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt of whether it could be a conflict of interest, discuss the issue with your manager, the HR department, and/or Legal Services.

We help each other by:

- **Always behaving with honesty and integrity in all of our business dealings.**
- **Speaking up if we witness a conflict of interest.**
- **Being transparent about possible conflict of interests and addressing them head on.**

We have just reorganized our department and in that process, my brother-in-law is now reporting to me. Could this be a conflict of interest?

Yes, this is a conflict of interest. You are now in a situation where you can affect your brother-in-law's job tasks, salary, and promotion. You could favor him over the rest of his colleagues because of your close relationship. Your brother-in-law should either change department or reporting lines. Discuss and resolve the issue with the HR department.



Gift and Hospitality Policy

Introduction

Both the giving and the receiving of gifts and hospitality, including other business courtesies, can be viewed as bribes if they are given with the (unexpressed) expectations of improperly receiving a benefit in return.

In general, Terma's employees should not accept gifts.

Terma recognizes that the giving of smaller, nominal and modest gifts may be a natural and perfectly legitimate part of a business relationship, depending on the local culture and customs.

To ensure that no receiving or giving of gifts or hospitality can be perceived as bribery, it is important that employees comply with Terma's Gift and Hospitality Policy, as well as underlying gift and hospitality procedures.

Scope and Definition

Gifts are physical items which can be perishable or non-perishable. Gifts should never be in the form of cash or cash equivalents such as gift certificates, stocks, bonds, and virtual currency.

Hospitality means all forms of expense made to entertain guests, business courtesy, travel or lodging, or an invitation to a sporting or cultural event. If a representative of the giving organization does not accompany the recipient or participate in the event, then the hospitality is not hospitality, but, instead a gift.

Our Commitment

Terma employees will never give or receive gifts and hospitality with an expectation of a benefit in return.

Terma has a zero-tolerance policy towards all forms of corruption and corrupt practices.

To Fulfill This Commitment, We Will:

- Be transparent about what we give and what we receive.
- Register all gifts and hospitality.
- Ensure that our employees are trained in our gift and hospitality policy and procedures.

Compliance

Terma's Gift and Hospitality Policy and procedures are part of our Anti-Corruption Compliance Program which complies with relevant national and international legislations including, but not limited to, the Danish Criminal Code, the U.S. Foreign Corrupt Practices Act and the UK Bribery Act.

What is Expected of You?

Explain to your counterpart as early as possible during the relationship Terma's Gift and Hospitality Policy.

Only accept or give gifts and hospitality that are modest in size, culture appropriate, and that can be subject to public scrutiny.

Never accept or give gifts in the form of cash or gift certificates.

Ensure that what you give or receive can never be misunderstood as a bribe by the recipient or other parties. Register all gifts and hospitality.

If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt, discuss the issue with your manager, Legal Services, and/or the CSR & Compliance Department.

We help each other by:

- **Setting the right example and behaving with honesty and integrity.**
- **Being open and transparent about what we give and receive.**
- **Speaking up if you feel that your colleagues or business partners are asking or receiving improper gifts or hospitality.**

I have been invited by one of our customers to dinner and a show. He called this morning to let me know he would be detained and that I should use the ticket for my wife instead. Can my wife use the ticket?

As the customer is no longer attending the show, the invitation has become a gift and no longer hospitality. It would be improper to accept tickets for a show for your wife and yourself. Kindly decline the offer.



Charitable and Political Contributions Policy

Introduction

Terma is a global company and, as a good corporate citizen, wishes to give back to the societies where we operate. Therefore we engage in various forms of charitable contributions, such as sponsorships.

Terma's Executive Management defines which charitable contributions Terma makes.

Terma is a member of a number of trade associations, organizations, and industrial partnerships relating to our industry and our membership may indirectly involve contributions to political parties, which is a decision made by the trade association and has nothing to do with our business. Terma, itself, refrains from donating political contributions.

Scope and Definition

Charitable contributions cover grants, donations, and sponsorships to among others non-governmental organizations, universities, individuals, fairs and events.

Political contributions are contributions to political parties.

Our Commitment

We wish to invest in the societies where we operate.

To Fulfill This Commitment, We Will:

- Never provide any charitable contributions in return for a potential hidden or unfair benefit or advantage to our business. All contributions shall be able to tolerate public scrutiny.
- Register all contributions and be transparent.
- Never give political contributions.

What is Expected of You?

Before providing a charitable contribution, ensure that no conflict of interest exists.

Register all contributions and be transparent.

Never provide a political contribution on behalf of Terma.

If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt, discuss the issue with your manager and/or the CSR & Compliance Department.

We help each other by:

- **Being transparent and talking openly.**
- **Speaking up if we learn or hear of any actions by Terma or its employees that violate this Policy.**

We are bidding for a contract in Spain. The customer's sister runs a non-governmental organization (NGO). The organization does a lot of good work helping children of the streets. A donation will help the NGO's important work and show the customer that we are a responsible company. Can we make a donation?

No, making a donation can be perceived as giving us an unfair advantage and could also lead to a conflict of interest if we were to get the contract.



Human Rights Policy

Introduction

Human rights are at the very core of every responsible business.

Our employees are our most important resource and the building blocks of our organization. We aspire to be recognized as a company with a preeminent professional working environment where our employees feel safe and valued and where all of their human rights are respected.

Scope and Definition

There are 48 human rights defined in the International Bill of Human Rights, ranging from fundamental rights to life, security, freedom and equality to labor rights such as human trafficking, slavery, forced labor, child labor, trade unions, and right to work. A full list of the 48 human rights can be found on page 34.

Our Commitment

Terma is committed to respecting all of the human rights listed in the International Bill of Human Rights, and will work to ensure that we do not have any negative human rights impacts. Consequently, we have zero tolerance towards slavery and human trafficking.

To Fulfill This Commitment, We Will:

- Regularly conduct human rights impact assessments and due diligence.
- Raise awareness and train our employees in human rights.
- As part of our Responsible Supply Chain Management system, we also require our suppliers to live up to the requirements of the UN Guiding Principles on Business and Human Rights, which require companies to put processes in place and conduct human rights due diligence.

Compliance

Terma supports and respects human rights as defined in the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization (ILO) conventions. We also comply with relevant national and international legislation such as, but not limited to, the UK Modern Slavery Act and the U.S. Federal Anti-Trafficking laws, including as promulgated in the U.S. Federal Acquisition Regulations.

What is Expected of You?

Understand the importance of human rights and be aware of their universal human rights, as well as respecting and supporting Terma's commitment to human rights.

Behave ethically and treat everyone in a respectful manner.

Report on human rights concerns at the workplace or at suppliers or business partners.

If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt, discuss the issue with your manager and/or the CSR & Compliance Department.

We help each other by:

- **Treating everyone with respect and dignity.**
- **Ensuring that our working environment feels safe, tolerant and supportive.**
- **Speaking up if we see someone's human right's being impacted.**

For the last 3 months, I have worked over time, both in the weekdays and weekends, as we had a deadline to meet. I am overworked and therefore would now like to hold my vacation, but my manager will not let me. He says there is another deadline approaching. What should I do?

You should speak to your manager again, stressing the importance that you are overworked and need to rest. If he still refuses to grant you vacation, you should contact the HR department. You are entitled to take vacation and "Right to rest, leisure and paid holidays" is a basic human right. At Terma, we are committed to respecting all of your human rights.



Discrimination and Harassment Policy

Introduction

Right to non-discrimination is a fundamental human right and one of the 48 human rights listed in the International Bill of Human Rights. Terma is committed to respecting all human rights.

All employees should feel safe, secure, and comfortable when coming to work. The work environment should be one of tolerance, respect, and inclusion, free from any forms of discrimination, hostility and harassment.

Scope and Definition

Discrimination can be based on a variety of elements including, but not limited to, race, color, gender, language, religion, political or other opinion, national or social origin, property, birth or other status such as ethnic origin, disability, age health status, parental or marital status, or sexual orientation.

Harassment comes in many forms, and includes among others, intimidating and bullying or physical, psychological, verbal, or sexual harassment.

Our Commitment

Terma has a zero-tolerance policy towards all forms of discrimination and harassment.

To Fulfill This Commitment, We Will:

- Refrain from discriminating in our recruitment and promotion processes, as well as in our daily business interactions.
- Provide and ensure a secure workplace free from all forms of harassment.

Compliance

Terma is committed to respecting all human rights as defined in the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights, as well as national and local laws and regulations.

What is Expected of You?

We expect you to treat everyone, including colleagues, current or potential customers, suppliers, and other business partners with respect.

We expect you to base all work-related decisions solely on merits and in compliance with this Policy.

You are expected to encourage others to speak up and never engage in any form of discrimination or harassment.

If you ever feel discriminated against or harassed, please inform your manager, your local Working Environment representative/Work Council, and/or the HR department or make use of Terma's reporting channels such as *Ethics Line* or *Tell us your concerns*.

We help each other by:

- **Showing respect and treating our surroundings in the same manner we would like to be treated.**
- **Speaking up when we see someone being subjected to discriminatory or degrading behavior.**

My co-worker constantly makes remarks about my clothing and physical attributes in a sexual manner. I feel uncomfortable when she does it and do not know how to respond. What should I do?

Comments of a sexual nature are not acceptable in the workplace. Terma has a zero-tolerance towards sexual harassment. You should let her know that it makes you feel uncomfortable and that she should refrain from making such comments. If the matter continues or you feel uncomfortable talking to her, reach out to your manager or HR. At Terma, no employee should be subjected to sexual harassment.



Diversity Policy

Introduction

At Terma we recognize and value diversity and gender equality in our workforce. Diversity is about bringing together a rich mix of people with different perspectives and backgrounds.

We believe that difference of thought, skills, experience, and work styles are crucial for the sustainable business development and future of Terma.

Our recruitment, development, and career building activities are based on the premises of equal opportunity and supporting a diverse talent pool.

Scope and Definition

Diversity encompasses a wide range of visible and invisible attributes; e.g. age, gender, race, national or ethnic origin, religion, language, political beliefs, sexual orientation, physical ability as well as a diversity of talents, skills, experiences, and abilities.

Our Commitment

Terma will provide an inclusive and welcoming environment for all stakeholders, including, among others, employees, customers, suppliers, and business partners.

To Fulfill This Commitment, We Will:

- Maintain a strong focus on diversity and equal opportunity in recruitment, compensation, termination and other conditions of employment, as well as provide adequate training for our employees.
- Maintain an inclusive and tolerant workplace.

Compliance

Terma is committed to respecting all human rights as defined in the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights, as well as national and local laws and regulations.

What is Expected of You?

We expect you to be respectful towards everyone with whom they interact.

When making a recruitment or promotion decision, we expect diversity to be taken into account.

We expect managers to create equal opportunities for all employees.

We help each other by:

- **Creating an inclusive, harmonious, and welcoming workplace.**
- **Treating everyone with respect and being respectful of cultural and other differences.**

I am recruiting a new employee for our team. The best candidate unfortunately does not speak Danish, she only speaks English. It is quite convenient for us only to have native Danes, as we can conduct our meetings and daily interactions in Danish. She is much more experienced than the other candidates, but I fear that the dynamics in the team will change if we hire her. What should I do?

If she is the better candidate, you should choose her. It is important to have a diverse workforce and she might bring new insights and backgrounds that would be valuable for your team. At Terma, we value diversity and we do not discriminate against people based on their language or other attributes.



Health and Safety Policy

Introduction

Occupational health and safety is essential in any workplace. Terma is dedicated to providing the best possible working environment for our employees as this is a necessary and vital condition for ensuring job satisfaction, health and safety, a positive work life, and for Terma to be an attractive workplace.

Scope and Definition

This policy covers the physical and psychological working environment, and the general well-being and safety for all employees at Terma.

This includes, but is not limited to, safety regulations, handling of occupational accidents, mental wellbeing (e.g. stress), facilities, work life balance, and substance abuse.

Our Commitment

We are committed to providing a safe and healthy working environment for our employees and to prevent accidents. Our commitment also covers employees on travel for Terma.

To Fulfill This Commitment, We Will:

- Ensure that the relevant guidelines and procedures are in place and continuously updated according to applicable legislation, regulations, and established best practice.
- Ensure that these guidelines and procedures are communicated and made available to all Terma employees.
- Conduct regular employee surveys and communicate the overall results to all employees as well as systematically improve Terma's working environment based on the received information.
- Register all reported incidents and develop new proactive measures to ensure the prevention of similar future incidents.

Compliance

Terma complies with relevant national and international health and safety regulations and requirements as well as the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) conventions, as well as national and local laws and regulations.

What is Expected of You?

Observe the health and safety rules and take the necessary precautions in order to protect yourself, your co-workers/colleagues, and any visitors.

You are expected to report all accidents, near-misses, injuries, and unsafe acts and conditions.

You should strictly adhere to Terma's Alcohol & Drug Policy to maintain a workplace free from illegal use, possession, sale, or distribution of drugs and alcohol.

If ever in doubt on how to act, please consult the Ethical Decision Tree prior to making a decision. Still in doubt, discuss the issue with your manager, your local Working Environment representative, HR, and/or your local Work Council.

We help each other by:

- **Reminding our colleagues and visitors of the applicable rules, keeping an eye out for our colleagues, and stopping immediately any unsafe behavior that we might witness.**

My colleague has started to complain regularly about headaches, difficulty sleeping and being tired. He is often on sick leave, and when we are working together, my colleague seems uneasy and unhappy. I am worried my colleague is ill with stress. What should I do?

Stress is a serious condition. Our employees are our most important asset and it is essential that we look after each other. You should talk to your colleague in private and ask him how he feels and recommend that he reaches out to his manager, a Working Environment representative, or makes use of the Tell us your concerns system. We can only make the workplace better if we know the issues we face.



Data Privacy Policy

Introduction

The right to privacy is a fundamental human right. The wellbeing of our employees is a high priority in Terma, and respecting their rights as individuals is critical. Terma is dedicated to ensuring the privacy and protection of our employees' personal data in compliance with applicable laws and regulations.

Scope and Definition

Personal data is defined as any information relating to an identified or identifiable individual, a 'data subject', such as an employee, business partner, supplier, customer, etc.

In practice, personal data is a wide array of information that – either by itself or in combination with other information – can be used to identify an individual, such as name, date of birth, address and phone number, or other information, specific to the physical, mental, economic, cultural, or social identity of a person.

Our Commitment

Terma is committed to respect the data privacy rights of our employees and all other individuals with whom we interact; and to demonstrate the utmost care in handling their personal data in a compliant manner.

To Fulfill This Commitment, We Will:

- Describe how and what personal data we use and how we store it.
- Raise awareness within our organization regarding data privacy and train our employees accordingly.

Compliance

Terma complies with relevant national and international legislation regarding data privacy such as the EU General Data Protection Regulation (GDPR) as well as the International Bill of Human Rights.

What is Expected of You?

You are expected to safeguard all personal data entrusted to you and to ensure that the principles of data protection and data privacy are applied.

You should always adhere to Terma's data privacy procedures, including Terma's Data Privacy Handbook.

If ever in doubt on how to act, discuss the issue with your manager and/or Legal Services.

We help each other by:

- **Only using personal data for the particular and legitimate business purpose it has been collected for.**
- **Maintaining confidentiality of any personal data we have been entrusted with.**
- **Ensuring we do not keep personal data any longer than necessary.**

I have received an unsolicited job application in my e-mail. It contains personal information about the applicant. What should I do with this information?

You should write to the applicant and thank him/her for showing an interest in Terma and inform that you will have to delete the e-mail due to data privacy regulations and ask that the applicant resubmits the application via the channel available at Terma's website.



Security Policy

Introduction

As a global company, working with classified, export-controlled and sensitive information within the aerospace, defense and security sector, Terma is exposed to advanced threats and under strict regulations and requirements from government authorities, customers, and partners.

Failing to comply with the security requirements could lead to the loss of human lives, criminal law prosecution of both the corporation and individuals, and loss of contracts and production licenses as well as severely tarnish Terma's brand and our stakeholders' trust in Terma.

Scope and Definition

Terma's Security Program is primarily based on NATO's security regulations, national regulations and laws as well as a risk assessment. The Security Program is divided into Physical, Personnel, Equipment/Material and Information Security which is described in the Security Program. Specifically, Terma's Information Security Program, based on NIST 800-171 and ISO 27001, covers Document, IT, Operational, Cyber, Product, Human Information, and Crypto Security.

Our Commitment

Terma commits to being a trustworthy partner with a high level of security. We will comply with all relevant laws, regulations and obligations in relation to security and safeguarding classified, export-controlled and other sensitive assets.

To Fulfill This Commitment, We Will:

- Always ensure that our facilities and security measures are compliant to the level of security requirements and that our employees are trained and aware of the security risks.
- Maintain a security risk assessment in order to counter unacceptable security risks.
- To ensure a high security level and to guide our employees, Terma has developed a Security Program that describes why and how we work with security.

Compliance

This policy statement is implemented in accordance with the applicable legal and regulatory requirements of, but not limited to, national as well as international authorities such as NATO and MISWG.

What is Expected of You?

We expect you to stay vigilant, be aware of restrictions and risks related to the assets they are working with, and comply with regulations and restrictions related to the Security Program.

If ever in doubt on how to act, please consult the Ethical Decision Tree herein prior to making a decision. Still in doubt, discuss the issue with your manager and/or the Security Department.

We help each other by:

- **Working with integrity and setting the right example. As a manager we introduce, train, and support our employees to comply with security requirements. As an employee we are aware of the security requirements we have to abide by, and we are actively supporting our colleagues to do so.**
- **By being aware of security requirements and complying with them, we continue to be able to work in the field of aerospace, defense, and security.**

A project was running late and I needed my Project Manager to review some of the work, which was classified. The Project Manager was out of the office, so he ordered me to send it in an email. Since the work is classified, I know that this is a breach of the security regulations, but on the other hand, the whole project could be delayed or lost. Can I send the information?

You should inform your Project Manager that the work is classified and that a breach of the security regulations could have severe consequences for Terma, the information owner, as well as for you both. You should contact Security for further guidance and see if a viable solution to the problem can be found.



Environmental Policy

Introduction

As the United Nations Secretary-General (2007-2016) Ban Ki-moon stated at Climate Week in New York in 2014: "We have only one planet. There is no Plan B because there is no planet B".

At Terma, we are respectful of the environment and strive to reduce the negative environmental impacts from our businesses. We foster this through continuous improvement of our production processes, conscious choice of chemicals and hazardous substances, and careful management of resources as well as close cooperation with the relevant authorities and stakeholders.

Scope and Definition

Terma's environmental impact is the impact we have on living and non-living natural systems, included but not limited to, water, air, land, and ecosystems.

Our Commitment

We wish to ensure an increasingly sustainable business by effectively optimizing the use of natural resources and reduce environmental impact through an innovative approach.

To Fulfill This Commitment, We Will:

- Obtain and maintain an environmental management system to secure a systematic approach towards increased sustainability.
- Minimize impact on the climate by using energy more efficiently and reduce emissions of CO2 and other climate changing substances.
- Prevent or reduce noise and pollution of soil, water, and air to reduce and recycle waste.
- Focus on our design and supply chain in terms of optimizing environmental issues.
- Involve employees and other stakeholders in improving Terma's environmental footprint.

Compliance

Terma complies with relevant national and international legislation, requirements and standards including, but not limited to, the Kyoto Protocol, REACH regulation and RoHS directive as well as supports the United Nations' Sustainable Development Goal (SDG) 9 "Industry, Innovation and Infrastructure" and 12: "Ensure sustainable consumption and production patterns".

What is Expected of You?

We expect you to actively be involved in improving Terma's environmental footprint.

Use the 3 R's in your daily routines: Reuse, Reduce, and Recycle.

Reduce work travel – skype your meetings instead.

Turn off unnecessary lighting and machinery – including standby and chargers – or use a timer.

Please contact the Facilities department if you have any environmental initiatives and efficiency ideas.

We help each other by:

- **Inspiring others to minimize their environmental impact.**
- **Taking care of the environment in our everyday routines.**

I have noticed that turning off specific machinery between use will considerably lower the level of power consumption. Operators normally leave it turned-on out of ease and habit. What should I do?

You should talk with your Environmental Representative and discuss your observation. Together you review how the turning off of the machine could be implemented, minimizing Terma's environment impact and reducing costs.



Export Control Policy

Introduction

Export control regulations are common and set in place to ensure that certain types of products and technologies are not exported and/or shared without prior authorization by relevant governmental authorities.

Scope and Definition

The majority of products and technologies produced, used or otherwise handled by Terma are subject to export controls of one or multiple jurisdictions. This means that certain government authorizations are required in order for Terma to export, (re-)export, or otherwise share products, technologies, data services, and the like. In addition, in some cases, there are governmental prohibitions restricting export and re-export to individuals, companies, and countries.

Our Commitment

Terma is committed to fully comply with all applicable export and trade compliance laws in all countries in which Terma operates. This includes embargoes, sanctions, and other export restrictions ("export controls").

To Fulfill This Commitment, We Will:

- Provide dedicated resources to manage export control awareness and compliance through-out our organization to support compliance activities in the operational businesses.
- Pro-actively engage with government regulatory bodies to shape the environment within which we operate.
- Incorporate export controls into our business procedures to ensure that compliance is an integrated function of the business.
- Develop and provide training in the relevant controls to all relevant business areas and group functions.

Compliance

This policy statement is implemented in accordance with the applicable export control and trade compliance laws and regulations. Failure to comply, or failure to report any possible violation, can cause severe penalties and restrictions on our business in the future.

What is Expected of You?

We expect our managers to secure and encourage a high level of awareness and compliance and all of our employees to observe and strictly adhere to all applicable export control laws and Terma's commitment to compliance.

It is your responsibility to obtain and maintain a basic understanding of export controls through the resources made available by Terma; know the requirements of Terma's compliance procedures where applicable to your duties; and seek appropriate guidance in a timely manner.

If ever in doubt on how to act, contact Legal Services.

We help each other by:

- **Not exporting any product, software, document, or technology nor sharing it with anyone outside our organization without first making sure that all prerequisite government authorizations exist or are obtained, and that any contractual confidentiality obligation is adhered to.**

I am engaged in aircraft self-protection product development activities in Terma in Denmark and want to share a product drawing with my colleague in Terma in the U.S. Can I just e-mail the drawing to him?

No. Such drawings might be subject to Danish arms export control and sending the drawing to Terma in the U.S. constitutes an export from Denmark to the U.S. Before you send the document, you need to make sure that a proper export license from the Danish government exists or is obtained, if needed.



Competition Law Policy

Introduction

Competition laws apply in the various jurisdictions where Terma conducts business. The competition regulations serve to protect a free and open competitive market for products and services. Unfair competition contributes to creation and maintenance of monopolies and effectively hinders economic, social, and technological development, in particular, in lesser developed markets.

Scope and Definition

The overall aims of the competition laws are to secure the optimal, free, and transparent competition on the market, and prevent cartels and other activities which reduce competition. It is imperative to be aware of these rules in interactions with all third parties and in particular with actual or potential competitors.

Our Commitment

It is Terma's mandatory policy to observe strict compliance with all aspects of the competition laws which apply to Terma's business. Compliance with the competition legislation is a requirement for all Terma personnel, and in particular, relevant to staff who have contact with external parties within our industry and who commit Terma in agreements and contracts as part of their work for Terma.

It is imperative that all Terma personnel, who enter into commitments which may affect competition, are aware of the applicable competition laws. No agreement or any kind of external commitment may have as its purpose or consequence that competition is obstructed.

To Fulfill This Commitment, We Will:

- Ensure that Terma's employees are trained in compliance with applicable competition laws.
- Maintain procedures to support compliance and provide guidance to employees, who engage with third parties on behalf of Terma.

Compliance

Terma's policies and procedures are in compliance with European and U.S. competition regulations and national applicable laws in all countries in which we operate.

What is Expected of You?

You are expected to attend compliance training and to strictly adhere to Terma's policy and procedures in regard to competition laws.

You are expected to act in support of a culture where compliance with the law is the basis for doing business.

If in doubt, then discuss the issue with your manager or contact Legal Services to seek clarification or direction regarding the correct interpretation of the rules and understanding of the regulatory restrictions.

We help each other by:

- **Keeping each other aware of the importance of being compliant with Terma's policies and procedures regarding competition laws.**
- **Acting with care when co-operating with or otherwise interacting with (potential) competitors to Terma.**

I have been approached by a competitor in a tender and asked whether we would agree to bid as a team and increase the chance of getting the contract. Should I agree and Terma join forces with the competitor?

No, competitors for a contract may not agree to team up to decrease or eliminate competition. You should contact Legal Services for advice on an appropriate way to decline the offer.

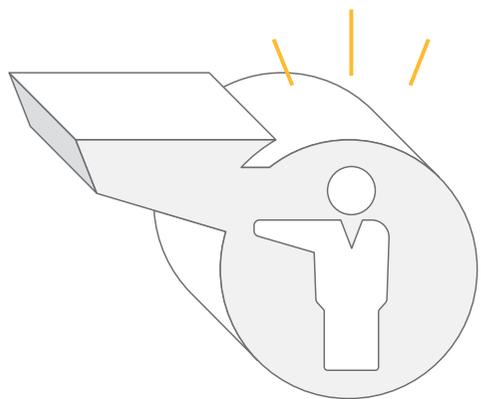


Report your Concerns

Each of us is responsible for knowing what is expected. By becoming familiar with this Code and the policies and procedures it highlights, you will be better equipped to recognize and handle ethical dilemmas. It is important to ask questions or raise issues if you experience a situation that might have ethical implications. When in doubt: speak up. Talk to your colleagues, manager, or relevant departments, such as Legal Services, HR and the CSR & Compliance department.

Reporting Channels

Terma also has 2 reporting channels to report concerns depending on the seriousness of the concern. Please note, that no classified information can be reported in any of the 2 systems.



Ethics Line

Terma's *Ethics Line* offers a confidential and safe channel where any employee or third party of Terma (e.g. suppliers, consultants, etc.) can report concerns if they suspect that serious illegal misconduct or other potential wrongdoing is taking place. The *Ethics Line* system operates in strict compliance with data privacy regulation. All reported incidents will be handled in an anonymous and professional manner without fear of retaliation for reporting.

Employees can report anonymously or by name to the system and the report will be automatically transferred to Terma's Ethics Committee. The whole process is transparent and is described in the *Ethics Line* procedure in Terma's Management System and on Terma's internal Portal.

You can report serious illegal concerns and other potential wrongdoings including but not limited to:

- Criminal offences, including bribery, fraud, and forgery of documents
- Violence or assault against employees
- Security breaches
- Violation of laws and regulations
- Violations of trade sanctions

The full list of subjects that can be reported on can be found in Terma's *Ethics Line* procedure.

Tell us your Concerns

Terma's system *Tell us your concerns* is for all concerns and reports that are not serious illegal misconduct and which do not classify to be reported via Terma's *Ethics Line*. You cannot report a matter anonymously. All reports will be treated in a professional and confidential manner. The whole process is transparent and is described in the *Tell us your concerns* procedure in Terma's Management System and on Terma's internal Portal.

You can report concerns and other potential wrongdoings such as but not limited to:

- Bullying
- Harassment
- Environmental negligence
- General work conditions
- Discrimination.

The full list of subjects that can be reported on can be found in Terma's *Tell us your concerns* procedure. Reports concerning the physical working environment should not be reported in *Tell us your concerns*, but instead to your local Working Environment Representative and/or your local Work Council.

Protection and Non-Retaliation

Retaliation against an employee for reporting an issue or raising a legitimate concern involving a violation of company policy, law, or regulation is strictly prohibited. Allegations of retaliation will be treated seriously and be thoroughly investigated. Confirmed allegations of retaliation will result in appropriate disciplinary action, up to and including termination of employment.

Disciplinary Measures

All employees are expected to comply with all of the policies described in this Employee Code of Conduct and relevant supporting procedures, as well as applicable national and international legislation, regulation, and other requirements.

If ever in doubt on how to act, it is the responsibility of the employee to seek guidance and talk to his/her manager or relevant department and/or raise the concern via *Ethics Line* or *Tell us your concern*.

Consequences for Violating this Code

Depending on the gravity of the violation, disciplinary measures range from an oral warning or written warning, up to termination of employment. All violations will be noted in an employee's HR file.



List of Human Rights

Right to self-determination	Right to adequate food and its fair distribution	Right to free, prior and informed consent to medical or scientific experimentation	Right to freedom of opinion
Right to non-discrimination	Right to adequate clothing	Right not to be subjected to slavery, servitude or forced labor	Right to freedom of expression
Right to work	Right to adequate housing	Right to liberty and security of person	Right to freedom of information
Right to equal pay for equal work	Right to water and sanitation	Right to detained persons to humane treatment	Right to freedom from war propaganda
Right to a living wage	Right to health	Right not to be subjected to imprisonment for an inability to fulfil a contract	Right to freedom from incitement of racial, religious or natural hatred
Right to safe and healthy working conditions	Right to education	Right to freedom of movement	Right to freedom of peaceful assembly
Right to equal opportunities for everyone to be promoted	Right to take part in cultural life	Right of aliens to due process when facing expulsion	Right to freedom of association
Right to rest, leisure and paid holidays	Right to benefit from scientific progress	Right to a fair trial	Right to protection of the family and the right to marry
Right to form and join trade unions and the right to strike	Right to material gains from inventions	Right to be free from retroactive criminal law	Right to protection of the child and right to acquire nationality
Right to social security, including social insurance	Moral rights of authors	Right to recognition as a person before the law	Right to participate in public affairs
Right to protections of mothers before and after childbirth	Right to life	Right to privacy	Right to equality before the law, equal protection of the law and rights of non-discrimination
Right to children's and young people's protection from exploitation	Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment	Right to freedom of thought, conscience and religion	Rights of minorities (culture, religious practice and language)

The 48 human rights defined in the International Bill of Human Rights

Vision, Mission, Values, and CSR Compass

Our Vision

Securing people through advanced technology.

Our Mission

Our engineering excellence provides mission critical solutions within Aerospace, Defense and Security to protect people and their assets.

Our Values

Act Globally

- Be visible locally
- Respond quickly
- Be open-minded

Deliver the Promise

- Think ahead
- Be responsible
- Go do it

Work with Integrity

- Show respect
- Be honest
- Help each other

Learn and Improve

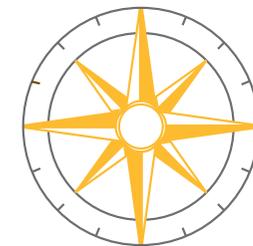
- Talk about successes and mistakes
- Ask questions
- Learn from each other

Show Passion

- Show dedication
- Make a difference
- Go the extra mile

CSR Compass

"We are guided by one overall purpose: to deliver security for countries, alliances, and individuals; Security is a means to maintaining and developing prosperity and protecting human lives and sovereignty. In fulfilling this purpose, we conduct our business ethically, inspired by the UN Global Compact."



Operating in the aerospace, defense, and security sector, Terma supports customers and partners all over the world. With more than 1,500 committed employees globally, we develop and manufacture mission-critical products and solutions that meet rigorous customer requirements.

At Terma, we believe in the premise that creating customer value is not just about strong engineering and manufacturing skills. It is also about being able to apply these skills in the context of our customers' specific needs. Only through close collaboration and dialog can we deliver a level of partnership and integration unmatched in the industry.

Our business activities, products, and systems include: command and control systems; radar systems; self-protection systems for ships and aircraft; space technology; and advanced aero-structures for the aircraft industry.

Terma has decades of hands-on know-how in supporting and maintaining mission-critical systems in some of the world's most hostile areas. Terma Support & Services offers Through Life support of all our products to maximize operational availability, enhance platform lifetime, and ensure the best possible cost of ownership.

Headquartered in Aarhus, Denmark, Terma has subsidiaries and operations in the Netherlands, Germany, Belgium, UK, France, India, UAE, Singapore as well as a wholly-owned U.S. subsidiary, Terma North America Inc. Terma North America Inc. is headquartered in Arlington, in the Washington D.C. area, with other offices in Georgia, Texas, and Virginia.



© Terma A/S 2018