TERMA’S BUSINESS RELATIONSHIP CODE OF CONDUCT
Terma’s Business Relationship Code of Conduct

Terma is growing its business and extending its presence to new and more complex markets. We are operating in an industry faced with ever growing regulatory requirements and increasing expectations from the world around us.

In this constantly evolving environment, it remains essential to clearly communicate Terma’s commitments and expectations towards our Business Relationships. They can be defined as anyone with whom we interact, such as but not limited to, customers (at any tier), suppliers and service providers (at any tier), channel partners, external advisors, and marketing consultants.

At Terma, we recognize that our responsibility for social, environmental and economic impacts are linked to the cooperation we have with our Business Relationships. We therefore hold our Business Relationships to the same internationally agreed standards for responsible business conduct as we hold ourselves.

We expect all Business Relationships to secure compliance with all legal and regulatory requirements. In addition, we expect all our Business Relationships to comply with the principles of this Business Relationship Code of Conduct, and to establish and maintain systems to manage risks of adverse impacts of its operations on human rights, the environment and corruption, as well as posing similar requirements to their business relationships.

Terma is establishing these systems to manage our impacts and it is part of our responsibility to require our Business Relationships to do the same.

We believe in a collaborative approach, and we therefore encourage our Business Relationships to reach out and seek an active dialogue with Terma in relation to the management system covered by this Business Relationship Code of Conduct to ensure that the elements and references of the code are understood and implemented.

Business Relationships shall notify Terma immediately in case they become aware that they cause, contribute or are linked to any severe adverse impacts on human rights, the environment and corruption. Similar notification is expected in case they become aware of any severe legal non-compliance.
Human Rights

Terma expects its Business Relationships to respect the universally recognized human rights, as described in the International Bill of Human Rights, that include the core labor rights from the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work.

Business Relationships shall manage risks of adversely impacting the rights of others and address any actual adverse human rights impacts of their operations.

Business Relationships are expected to have in place a management system to ensure compliance with the requirements set forth by the UN Guiding Principles on Business and Human Rights. This includes that the Business Relationships:

- Establish a Human Rights Policy
- Establish human rights due diligence processes, including conducting regular operational-level human rights impact assessments that identify risks of adverse impacts through business operations or services, outline existing and planned actions, implement processes to prevent or mitigate such impacts, and measure the effectiveness of such actions.
- Communicate findings of the human rights impact assessments to potentially impacted stakeholders, and - if required - to Terma and other business relationships.
- Require business partners to comply with the UN Guiding Principles
- Provide access to remedy through effective grievance mechanisms where Business Relationships cause or contribute to actual adverse human rights impacts.

Moreover, conflict minerals are commonly associated with severe human rights impacts, such as the use of forced labor, exploitive child labor, and unsafe and unhealthy working conditions. We expect our Business Relationships to comply with applicable laws and regulations regarding conflict minerals. Business Relationships operating within our supply chain are expected to assist Terma in meeting its obligations under law and regulation. Such Business Relationships are also required to support our efforts to report on the use of conflict minerals in our products including the identification of such minerals in their products and in their supply chain. The minerals concerned are: tantalum, tin, tungsten, and gold originating from the Democratic Republic of Congo and adjoining countries.
Environment

Terma expects its Business Relationships to integrate environmental considerations in their activities and strive for continuous improvement, by preventing or mitigating any significant adverse impacts of their activities on environmental sustainability.

In addition to our expectation that Business Relationships comply with any regulation, including the European Union REACH and RoHS directives, where applicable, Business Relationships are expected to have in place a management system to ensure compliance with the requirements set forth by the OECD Guidelines. This includes that the Business Relationships:

- Establish an Environmental Policy.
- Establish environmental due diligence processes.
- Require their Business Relationships to implement the OECD Guidelines.
- Provide for remedy in case of actual adverse impacts, including, where necessary, reporting to and collaborating with the appropriate authorities.

Proper due diligence will involve assessing risks in relation to water- and energy use; use of ozone depleting substances or persistent organic pollutants; use of raw materials, in particular scarce resources; emissions to air, ground, and water; emissions of odor, light, noise, and dust; solid-, water- and food-waste; handling, storing and disposal of chemicals and hazardous waste; recycling and reuse of materials and products; biodiversity; animal welfare; and use and diffusion of new environmentally friendly technologies. Terma expects its Business Relationships to integrate environmental considerations in their activities and strive for continuous improvement, by minimizing and preventing any adverse impacts of their activities on the environment.
Anti-Corruption

Terma strongly dissociates itself from corruption, corrupt practices and other practices that can undermine economic sustainability, such as extortion, fraud, anti-trust, or tax evasion. In addition to our expectation that Business Relationships comply with any regulation, Business Relationships are expected to have in place a management system to ensure compliance with the requirements set forth by the OECD Guidelines. This includes that the Business Relationships:

- Establish an Anti-Corruption Policy.
- Establish anti-corruption due diligence processes.
- Require their Business Relationships to implement the OECD Guidelines.
- Provide for remedy in case of actual adverse impacts, including, where necessary, reporting to and collaborating with the appropriate authorities.

Proper due diligence will involve assessing risks in relation to keeping accurate books and records; bribes to or corruption of public officials and private counterparts, including kickbacks; trading in influence; making use of facilitation payments; giving political contributions, charitable donations and sponsorships in expectation of undue advantage; offering or accepting excessive gifts; permitting or participating in money laundering; hiring government employees for jobs that conflict with the public interest; cronyism and nepotism; extortion; fraud; anti-trust and -competition; and tax evasion.

Business Relationships shall actively refrain from any corruption or corrupt practices and should take all relevant measures to ensure that subcontractors, agents, or any other third parties, subject to its control or determining influence, do not engage in corrupt behavior.
Equal and fair competition is an indispensable prerequisite for economic growth and development of democratically based, fair, and transparent societal structures. Terma is committed to compliance with anti-trust and competition regulations in its business operations, and we require that our Business Relationships refrain from engaging in anti-competitive practices in violation of applicable laws, regulations, or contractual requirements, and shall neither fix prices or rig bids with their competitors, nor exchange current, recent, or future pricing information with competitors. Business Relationships are expected to actively avoid participating in or becoming associated with cartels that have been formed for the purpose of promoting anti-competitive practices.

As a global company in the aerospace and security domain, import/export and sanctions compliance are fundamental elements of our business, and we are committed to strict adherence to all export and trade compliance laws applicable to us as a company and to the products and technologies which we produce or handle as part of our operations. The robustness of our compliance program is heavily reliant upon the compliance measures observed by our Business Relationships.

Business Relationships must ensure that their business practices are in accordance with all applicable trade laws, directives, and regulations, including those governing the import and export of products, technology, and data. Where applicable, we expect our Business Relationships to provide truthful and accurate information and to timely obtain appropriate licenses and/or authorizations.

In addition to this Business Relationship Code of Conduct, we expect our Business Relationships to comply with all other applicable laws and regulations and binding mandatory industry standards. To the extent that any such laws, regulations, or standards require a Business Relationship to cause or contribute to adverse impacts on any of the areas covered by this Code of Conduct, Business Relationships shall comply with any such regulation, while best possibly seek to prevent or mitigate such impacts.
Reporting Channels

Business Relationships are expected to provide their employees with channels for raising legal or ethical issues or concerns without fear of retaliation. They shall also take action to detect, prevent, and correct any retaliatory practices.

Business Relationships can make use of Terma’s whistleblower system Ethics Line if they experience any serious or illegal misconduct.

Business Relationships should provide access to remedy through effective channels (grievance mechanisms) if they have caused or contributed to adverse impacts. Business Relationships should use their leverage if they are linked to a severe or significant impact.

Validation

Terma may at any time request Business Relationships to provide relevant documentation of their compliance with this Business Relationship Code of Conduct. Documentation may be in the form policy commitment(s), code of conduct for business relationships, operational-level impact assessments, procedures, including grievance mechanisms, or any other documentation of compliance. Business Relationships shall provide such documentation within ten (10) working days.

Terma reserves the right to audit its Business Relationships when deemed relevant to ensure they comply with and have implemented the requirements outlined in this Business Relationship Code of Conduct. Business Relationships are expected to cooperate and support such audits.

We reserve the right to take any appropriate action where a Business Relationship fails to meet the requirements in this Business Relationship Code of Conduct.