

# UNIVERSAL AVIONICS SYSTEMS CORPORATION

## *Anti-Bribery Compliance Policy*

### Executive Summary

**Purpose.** The purpose of this Policy is to assist directors, officers, employees, and business partners in identifying anti-bribery related issues and in understanding and complying with applicable anti-bribery and anti-corruption standards, including, but not limited to, the U.S. Foreign Corrupt Practices Act (“FCPA”). This Policy supplements our Code of Conduct and Business Ethics and other related policies and procedures.

**Commitment to Best Practices.** Universal Avionics Systems Corporation (the “Company”) is committed to conducting our business based upon ethical best practices and principles, including anti-bribery compliance standards.

**Numerous Jurisdictions.** The Company and our affiliated companies are active in numerous markets, requiring compliance with the anti-bribery laws of many jurisdictions. This includes:

- Applicable U.S. law, such as the FCPA, and
- Other anti-bribery laws throughout the world applicable in the countries in which we do business.

**Zero Tolerance.** The Company has zero tolerance for bribery. In addition to the need to follow the law, our rejection of bribery has important business benefits, including maintaining our corporate reputation and retaining the confidence of customers and third parties with whom we do business.

**Failure to Comply.** Failure to comply with this Policy may result in significant civil and criminal penalties against the Company and the individuals involved and is grounds for disciplinary action against such individuals, including, but not limited to, potential termination of employment.

**Applicability.** This Policy applies to:

- *All directors, officers and employees* of the Company
- *Third parties* – Third parties who act on our behalf are required to abide by this Policy. Consistent with Section 5 (“Third Parties”) below, compliance with anti-bribery laws will be reflected in Company agreements with consultants and representatives. And as part of our Supplier Code of Conduct, subcontractors and suppliers are required to comply with applicable anti-bribery laws and regulations.

**Availability.** This Policy, our Code of Conduct and Business Ethics, and our Supplier Code of Conduct each can be found on our website: [www.uasc.com](http://www.uasc.com) under “Ethics and Compliance.”

**Questions.** Any questions about this Policy should be addressed to the Company’s Director of Contracts and Compliance (“CO”) or the Chair of the Compliance Committee (“CCC”) of the Company’s Board of Directors.

**Implementation.** The CO is responsible for implementation of this Policy in the Company.

## 1. General

### 1.1 Guiding Principles

The following principles are the basis of the Company’s anti-bribery policy:

- We do not engage in bribery.

- We do not allow third parties to engage in bribery on our behalf.
- We do not do business with other parties who are engaged in bribery.
- We attempt to avoid situations creating the appearance of impropriety, including with respect to business entertainment, gifts, hiring, sponsorships, and donations.
- We maintain accurate books and records.

## 1.2 General Prohibition on Bribery

Company directors, officers, and employees (including any contract employees) are prohibited from engaging directly or indirectly in bribery.

## 1.3 Definitions

**1.3.1 “Bribery”** Bribery is defined in different ways under different countries’ laws. In general, and for the purposes of this Policy, it is the offering, promising, giving, or receiving “directly or indirectly” of “anything of value” to or from any (i) private or public organization; or (ii) individual (including any “Government or Public Official”), in order to derive an inappropriate “business or other advantage” for the Company. This includes the offering, promising, giving, or receiving of anything of value with the intent to induce a person to improperly perform their duties in connection with the Company’s business.

**1.3.2. “Directly or Indirectly”** You are prohibited from engaging in bribery directly or indirectly (such as through a third party intermediary). You may not instruct, authorize, or allow a third party to make or receive a bribe on your behalf, and you may not make a payment or provide a benefit to a third party, or have a third party receive a payment or benefit, knowing or having reason to know that all or a portion of the payment or benefit may be used for the purpose of bribery.

**1.3.3. “Anything of Value”** Anything of value includes not only cash and cash equivalents, but also gifts, entertainment, accommodations, offers of employment, and any other benefit of tangible or intangible value.

**1.3.4 “Business or Other Advantage”** Business or other advantage includes obtaining new business or gaining any other advantage in connection with the Company’s activities, such as reduction in taxes, tolerance of non-compliance with applicable rules, or other favors or preferential treatment.

**1.3.5 “Government or Public Official”** References to a Government or Public Official means an individual who:

- (1) holds a legislative, administrative, military, or judicial position of any kind, whether appointed or elected, in any country, territory, or political subdivision;
- (2) exercises a public function for or on behalf of any country, territory, or political subdivision or for any public agency or enterprise thereof; or
- (3) is an official or agent of a Public International Organization.

**1.3.6 “Public International Organization”** A Public International Organization means an organization whose members are any of the following:

- (1) countries, territories, or political subdivisions;
- (2) governments of countries, territories, or political subdivision;
- (3) other public international organizations; or
- (4) a mixture of any of the above.

Examples include the United Nations and the World Bank.

## 1.4 Facilitation Payments are Prohibited

Facilitation or "grease" payments are small payments to a low-level Government or Public Official to expedite or secure performance of a routine, non-discretionary governmental action, such as obtaining utility services or clearing customs. Such payments are prohibited under Israeli law and are against Company policy.

**Extortion Payments** The only situation where a payment of this nature *might* be permissible is where there is a credible threat to the life, limb, or liberty of the person being asked to make the payment. If such a situation arises, it must be reported to the CO as soon as possible.

### **1.5 Public or Private Sector**

Bribery is illegal whether it takes place in the private or public sector. You must ensure that you do not engage in bribery (either giving or receiving) in connection with any of the Company's dealings or activities involving private or public companies, organizations, and/or individuals. While particular care should be taken in dealings or activities involving Government or Public Officials, it is important to remember that private entities and individuals may also be the subject of bribery.

### **1.6 Record-Keeping and Financial Controls**

Directors, officers, and employees must help to ensure that Company books and records (which include virtually all forms of business documentation) accurately and fairly reflect, in reasonable detail, all transactions and dispositions of assets. This will be done in accordance with internal Company financial controls and related procedures and policies. No undisclosed or unrecorded fund or asset may be established or maintained for any purpose, and no director, officer, or employee will participate in falsifying any accounting or other business record.

### **1.7 Reporting Suspected Violations; Investigations**

**1.7.1 Reports.** Suspected violations of this Policy should be reported to the CO or the CCC. Suspected violations can also be openly or anonymously reported pursuant to the Whistleblower provision of the Company's Code of Business Conduct and Ethics.

**1.7.2 Non-Retaliation.** Consistent with Company policy, there will be no retaliation or any adverse employment consequence for reporting information in good faith.

**1.7.3 Investigations.** The Company will investigate each report of a suspected violation and take disciplinary and other measures as may be appropriate. All directors, officers, and employees must respond fully and truthfully to any questions from the Company's internal or independent auditors or other internal investigative functions.

### **1.8 Awareness and Training**

The Company engages in various means of communication and training to make directors, officers, and employees aware of this Policy and of anti-bribery risks. All directors, officers, and employees will be provided training regarding anti-bribery and ethics upon their joining the Company, as well as periodic follow-on training.

## **2. Business Entertainment, Gifts and Travel Expenses**

### **2.1 Business Entertainment**

**2.1.1 What is "Business Entertainment?"** Entertaining or providing gifts to organizations or individuals (including Government or Public Officials), or paying for travel expenses or accommodations for such individuals or officials, is a potential area of risk. Even appearances of impropriety may cause damage to the Company. "Business entertainment" is defined broadly to include meals, ground transportation, VIP airport services, lodging, air travel, gifts, sightseeing tours, payment of convention fees, sponsorships at events, and similar types of benefits. This may include a situation where a contract between the Company and a customer or other business partner requires the Company to provide specified types of business entertainment. Our Code of Conduct also describes potential conflict-of-interest situations that may arise in the context of business entertainment.

**2.1.2 Prohibited Business Entertainment.** Company directors, officers, and employees must not request, accept, offer, or provide business entertainment designed to induce, support, or reward improper conduct in relation to any current or anticipated business involving the Company. You must not give or receive any business entertainment that may amount to, or be reasonably perceived as, bribery or that might create a potential conflict of interest for you or the Company, or otherwise have the potential to embarrass the Company. Directors, officers, and employees must also take care to ensure that no organization or individual (including any Government or Public Official) is provided with business entertainment which, in aggregate and taking into account the frequency, is or may be reasonably perceived as excessive or lavish.

**2.1.3 Permissible Business Entertainment.** Company directors, officers, and employees may only accept business entertainment or entertain organizations or individuals (including Government or Public Officials) where there is a valid business purpose and the entertainment is reasonable and proportionate in view of such business purpose. Permissible business entertainment must relate to a visit or meeting that provides an opportunity to address business issues. Routine business entertainment may usually be offered or accepted provided there is no expectation or belief that something will be given in return. In assessing whether any proposed business entertainment is consistent with this Policy, consideration should be given to, among other factors, the proportionality, the frequency, the timing, and the intent behind the proposed entertainment.

**2.1.4 Approvals.** As provided by internal Company policy, business entertainment in excess of specified amounts and any non-standard business entertainment requires advance approval(s).

**2.1.5 Record Keeping.** Details of any business entertainment, including the names and titles of the participants, the date and purpose of the meeting, actual or estimated value per person and, where required, confirmation of pre-approval, as well as copies of proof of the expense and receipts should be recorded in the Company's records.

**2.1.6 Gifts.** For purposes of this Policy, gifts fall under the definition of business entertainment, and internal Company policy requires specific approvals for gifts in excess of non-nominal amounts. The same principles apply with respect to receipt of gifts. As with other forms of business entertainment, record-keeping will be maintained for the giving and receipt of gifts.

**2.1.7 Questions and Clarifications.** If you are the recipient of an offer of, or requested to provide, business entertainment which appears to be inconsistent with this Policy, you must notify the CO. You may be required to politely decline the offer or not proceed with the request. Situations that give rise to providing or receiving business entertainment are varied and sometimes complex. If you are uncertain of the application of this Policy to a particular business entertainment situation, you should consult and seek the approval of the CO, the Company Chief Executive Officer ("CEO"), or the CCC.

## 2.2 Travel Expenses

Payment or reimbursement of travel expenses, including food, lodging, per diem, ground transportation, and air travel for public or private sector individuals is permissible only if directly related to the Company's business. Whenever possible, such expenses (as well as any other entertainment expenses) will be paid directly to the vendor or service supplier and not to the organization or individual benefiting from the service.

## 3. Donations

### 3.1. Political Donations

It is the policy of the Company not to make any political donations as an organization. Company directors, officers, and employees may choose to make personal political donations from their own resources, but not with a view to influence a third party for the benefit of the Company, or in any way that might give the impression that such influence was intended.

### 3.2. Charitable Donations

Reasonable donations to charities from Company funds may be made, subject to approval of the CEO and the CCC. The Company must be certain that charitable donations cannot be viewed as an attempt to buy influence for the benefit of the Company or in any other way as being improper, and are not disguised unlawful payments to private individuals or Government or Public Officials in violation of anti-corruption laws. Care should be taken to ensure that charity is legitimate and that any donation is not diverted to other beneficiaries.

## 4. Avoiding Potential Conflicts of Interest in the Hiring Process

Hiring of persons who have a business or regulatory connection with the Company (or such persons' relatives) raises the potential for conflicts of interest, and in extreme cases may be viewed as bribery. Hiring decisions should be made solely on business rather than personal considerations. In order to avoid potential conflicts of interest in recruiting an employee who is (or is related to) someone who may have a potential influence on the Company's business (e.g., government official, end user, customer, or supplier), inquiries will be made during the recruitment process as to whether a candidate has such

relations. If such a relationship is indicated, then the prospective hire must be reviewed by the CO. As a condition to making an employment offer, the CO must confirm that there is no conflict-of-interest prohibition relating to the specific recruitment and recommend mitigating measures as appropriate.

## 5. Third Parties

### 5.1 Liability for Acts of Third Parties

The Company could be held criminally liable for the acts of third parties acting on the Company's behalf. To address this risk in the area of anti-bribery, it is important that all consultants, Company representatives, subcontractors, and suppliers are subject to appropriate due diligence, contractual commitments, and monitoring.

### 5.2 Retention of Third Parties

Consultants, representatives, subcontractors, and suppliers may be retained to promote the Company's business or otherwise assist the Company in operating and carrying out its business and activities, including with regard to any necessary interaction with Government or Public Officials. Such third parties may only be engaged by the Company following completion of due diligence, contracting, approvals, and training processes as specified from time to time by the CO or the CCC.

### 5.3 Due Diligence

The Company's policies require, among other things, sufficient due diligence to be performed to enable the Company to understand potential bribery or corruption risks associated with the third party, and to conclude with reasonable assurance that the third party understands and will fully abide by relevant anti-bribery laws and policies applicable to the Company's business.

### 5.4 Contractual Obligations

The Company must have a written agreement in place with each such party, and the agreement must specifically bind such party to comply with all applicable anti-bribery laws, including, but not limited to, the FCPA, as if such laws applied directly to such parties, as well as to comply with other applicable Company policies and procedures.

### 5.5 Supplier Code of Conduct

In accordance with the Company's Supplier Code of Conduct, the Company's subcontractors and suppliers are required to comply with applicable anti-bribery laws and regulations.

## 6. Red Flags

In all dealings with potential or current consultants or representatives, Company directors, officers, and employees must be conscious of any "red flags" that may be present or arise suggesting possible violations of anti-bribery standards. Examples of red flags include:

- (1) requests for or offers of cash or other non-standard or excessive benefits;
- (2) requests for unusual payment channels;
- (3) refusal to contractually commit to compliance with applicable anti-bribery laws and regulations;
- (4) due diligence indications of previous involvement in behavior contrary to applicable anti-bribery laws and regulations;
- (5) due diligence indications of a close personal relationship between the third party and a Government or Public Official or customer that could improperly influence a decision;
- (6) recommendation of a third party by a Government or Public Official; or
- (7) insufficient bona fide business reasons for retaining the third party.

It is the responsibility of the employee who observes or suspects a red flag to report the matter to the CO or the CCC. **Remember—if in doubt—ask.**