Supplier Principles
Guidance for Responsible Business
Supplier Principles

Creating a successful and sustainable business requires more than financial results. Responsible behaviour is fundamental to how we do business at BAE Systems. It is not just what we do; it is how we do it. We are committed to achieving these high ethical standards, which underpin our role as a trusted partner to our customers, by managing operations responsibly and conducting business in an ethical way. BAE Systems’ relationships with its suppliers are a critical part of this commitment.

To clarify what we expect from our suppliers and their supply chains, we have developed these Supplier Principles – Guidance for Responsible Business (hereafter referred to as Principles). The Principles outline a set of ‘best practice’ expectations. They are not intended to conflict with or modify the terms of supplier contracts with BAE Systems. If a contract requirement (and/or an applicable law or regulation) addresses the same areas as covered in these Principles, suppliers must comply with the contract (and/or legal) requirement.

Responsible behaviour is vitally important to the reputation and success of BAE Systems. Our suppliers are an important part of that effort.

What We Expect From Our Suppliers

Code of Conduct and Compliance
BAE Systems’ Code of Conduct is central to our responsible business environment. We encourage our suppliers to implement and adhere to their own similar written code of conduct. In addition, commensurate with the size and nature of their business, we expect our suppliers to have management systems in place to support compliance with applicable laws and regulations.

Anti-Corruption
We expect our suppliers to comply with all relevant laws and regulations regarding anti-corruption including, where applicable, the Foreign Corrupt Practices Act and the UK Bribery Act. BAE Systems has a zero tolerance for any corrupt activity. In particular BAE Systems will not tolerate corrupt activity involving government officials, our commercial business partners, or the receipt of bribes or kickbacks by BAE Systems personnel. We will not offer, give, or receive any payment, benefit or gift that may be construed as a bribe, for any business purpose whether directly or through a third party. BAE Systems expects its suppliers to be similarly intolerant of corrupt activity and to have appropriate and adequate procedures to prevent such activity from taking place.

BAE Systems does not pay ‘facilitation’ payments and will not pay for the expediting of routine government activity unless there is a formal lawful fee schedule for expedited service, and we similarly expect that our suppliers will not make such payments in connection with any BAE Systems business.

We expect our suppliers to ensure that the offering or receipt of any gift or business courtesy is permitted by law and regulation, does not violate the rules and standards of the recipients organisation, and is consistent with all reasonable market terms and conditions.

International Trade Compliance
We expect our suppliers to conduct business in compliance with all applicable laws and regulations governing:

- export, re-export, import of products, technical data, software and services; and
- economic sanctions and embargoes.

Anti-Trust and Competition
We expect our suppliers to conduct business in accordance with all applicable competition and anti-trust laws and regulations. We expect that our suppliers will not enter into formal or informal anti-competitive arrangements that fix prices, rig bids, limit supply, control markets, or otherwise improperly restrict or impact competition.

Conflict Minerals
We expect our suppliers to conduct appropriate due diligence, where reasonably feasible, to identify, report and take remedial action, if their products contain conflict minerals (tin, tantalum, gold and tungsten, etc.) that are used to finance conflict in the Democratic Republic of Congo, adjoining countries, or other conflict-affected or high-risk areas. Where applicable local laws and regulations exist in the jurisdiction in which the supplier operates, we expect our suppliers to comply with such laws and regulations.

Counterfeit Components
We expect our suppliers to develop, implement and maintain methods and processes appropriate to their products to prevent counterfeit parts and materials being delivered. Effective processes should be in place to detect, report and quarantine counterfeit parts and materials and prevent such parts re-entering the supply chain. We expect our suppliers to only use parts from Original Equipment or Component Manufacturers or their authorised sources, and to comply with applicable laws, regulations, and industry ‘best practice’ protocols when conducting business with BAE Systems.

It’s not just what we do – it’s how we do it

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Conflicts of Interest
We expect our suppliers to avoid conflicts of interest or situations giving the appearance of a potential conflict of interest in their dealings with BAE Systems. We understand that such actual or potential conflicts do arise in the course of business from time to time, in which case we expect our suppliers to timely disclose them to BAE Systems and all other affected parties.

Accurate Record Keeping
We expect our suppliers to accurately and securely capture, store, and retain, as appropriate, business records.

Personal, Confidential and Proprietary Information
We expect our suppliers to protect all sensitive information, including confidential, proprietary and protected personal information. Information should not be used for any purpose other than the business purpose for which it was provided without prior authorisation. Where such information is held or transferred electronically, we expect our suppliers to implement appropriate IT cyber security and to notify us of any suspected or actual data breaches. We expect our suppliers to comply with applicable intellectual property rights and data privacy laws.

Workplace/Employees
We expect our suppliers to foster an inclusive work environment where individuals are treated with dignity and respect. To that end, we expect our suppliers to comply with applicable non-discrimination laws and regulations. We also expect our suppliers to ensure that employees may perform work in an environment that is free from harassment or other abusive conduct.

We expect our suppliers not to engage in the use of forced or bonded labour, slavery or trafficking of persons. Suppliers should allow employees to freely choose to work or to leave employment. We also expect our suppliers to ensure that child labour is not used in the performance of work. The term 'child' refers to any person under the minimum legal age for employment where the work is performed.

We expect our suppliers to comply with applicable laws and regulations on pay, benefits, working hours, health and safety, and the rights of individuals to join trade unions and participate in collective bargaining.

We expect our suppliers to provide employees and third parties with access to adequate reporting channels to seek advice or raise legal or ethical concerns without fear of retaliation, including opportunities for anonymous reporting. We expect our suppliers to take action to prevent, detect and correct retaliatory actions.

Environment
We expect our suppliers to comply with applicable laws and regulations regarding the environment and to conduct their business in a manner that actively manages environmental risks.

Timely Payment
We expect our suppliers to pay their suppliers on time in accordance with agreed contractual payment terms.

Ethics Helpline
If a supplier has a concern regarding these Principles, contact our Ethics Helpline at:

- [www.expolink.co.uk/ethics-report](http://www.expolink.co.uk/ethics-report)
- [ethics.helpline@baesystems.com](mailto:ethics.helpline@baesystems.com)

Suppliers to BAE Systems, Inc. businesses may contact the Ethics Helpline at:

- [www.baesystems.ethicspoint.com](http://www.baesystems.ethicspoint.com)
- [ethics.inchelpine@baesystems.com](mailto:ethics.inchelpine@baesystems.com)

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