

Progeny Systems Corporation Supplier Code of Conduct

Progeny System Corporation's (PSC) Supplier Code of Conduct sets forth minimum workplace standards and business practices that are expected of any Supplier doing business with PSC, and outlines our expectations for the principles we expect our suppliers to adhere to in conducting business. As with our own employees, we expect our suppliers to act responsibly, professionally, and ethically in all business relationships. We strive to utilize only those suppliers who can adhere to the Supplier Code and who can provide us with world-class goods and services with the lowest total cost of ownership, best on-time delivery, shortest lead time, exceptional quality, and a high level of customer responsiveness.

PO Compliance and Malpractice Prevention

Suppliers are expected to meet all Purchase Order (PO) requirements, including contractual clauses flowed down to the Supplier per the PO, and to inform their sub-tier suppliers as required that they are likewise obligated and expected to meet these requirements. Suppliers shall be aware and vigilant for Malpractice and Fraud and Falsification (F&F) as it affects PO compliance.

Malpractice is defined as any intentional or inexcusable deviation from establishing engineering, production, certification, or inspection requirements and is a dereliction of professional duty or a failure of professional skill that results in less than contract compliance.

Fraud & Falsification (F&F) is defined as intentional deceit, lie, misrepresentation, falsehood, negligence, dereliction, etc., to perform contract compliance.

The act of Malpractice or F&F has the potential for severe and costly damages to the Supplier, PSC, and our customers, and could involve functional failure of product in operation, causing loss of equipment and life. It is the responsibility of all parties to avoid the slightest possibility or appearance of impropriety or malpractice, and to report known or suspected occurrences to PSC.

Compliance with Laws, Rules, and Regulations

Because PSC is a Government Contractor, the laws and regulations under which we procure goods and services are complex per the Federal Acquisition Regulation (FAR) and the Department of Defense FAR Supplement (DFARS). Suppliers must comply with all applicable laws, rules, and regulations of the places where they do business. In addition, suppliers will ensure that all products, services, and shipments for PSC adhere to all applicable domestic and international trade compliance laws, rules, and regulations.

If any law, rule, or regulation conflicts with this Supplier Code, the Supplier should bring such conflict to the attention of PSC. Corruption, extortion, and embezzlement, in any form, are strictly prohibited. Suppliers shall not violate the Foreign Corrupt Practices Act (FCPA), any international anti-corruption conventions, and applicable anticorruption laws and regulations of the countries in which they operate, and shall not engage in corruption, extortion, or embezzlement in any form. Suppliers shall not offer or accept bribes or other means to obtain an undue or improper advantage. Suppliers are expected to uphold fair business standards in advertising, sales, and competition.

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Conflicts of Interest

Our suppliers are expected to avoid all actual and potential conflicts of interest between their obligations resulting from the business relationship with PSC and their personal affairs or other business interests or relationships. A conflict of interest occurs when the personal interests of the Supplier employee(s) are inconsistent with the responsibilities of their position with the Supplier, and may impair the ability to make objective and impartial decisions. Suppliers must disclose any transaction, relationship, or other circumstance that is a potential or apparent conflict of interest to PSC.

Reporting of Unethical Behavior or Other Misconduct

PSC expects its employees engaged in the procurement process to perform their duties in an ethical and professional manner. If any Supplier is aware of potential or actual unethical behavior or other misconduct, they are encouraged to report such behavior to the Purchasing Manager. If a Supplier prefers to not go directly to the purchasing organization, reporting may be done by sending an email to ethics@progeny.net. You may submit an email in an anonymous way without providing your name. However, we strongly encourage you to identify yourself and to provide as much detail as possible regarding your allegation.

Business Courtesies and Gifts

We expect our suppliers to be compliant with the U.S. Anti-Kickback Act, which prohibits giving anything of value to an employee of a prime U.S. government contractor (or higher-tier subcontractor) in order to obtain favorable treatment. PSC employees involved with procurement decisions may not accept any gift with the exception of very low-value promotional items. Suppliers that attempt to provide business entertainment or gifts deemed inappropriate may be disqualified as a PSC supplier.

Confidentiality and Proprietary Information

Suppliers must strictly adhere to all confidentiality obligations. PSC's confidential and proprietary information are among our (and our customers') most important assets, and must be properly handled and safeguarded. The Supplier must take all reasonable steps to ensure that disclosed information is used only for the purpose identified in the purchase agreement, and that the unauthorized use or disclosure of such information does not occur.

Export/Import Controls

PSC suppliers must comply with all applicable export/import regulations, including the U.S. International Traffic in Arms Regulations (ITAR), the U.S. Export Administration Regulations (EAR), and any applicable non-U.S. Government export re-export/import regulations. Suppliers must ensure that all company personnel understand the export requirements and the proper handling of the products and/or technical data provided by PSC.

Anti-Corruption

PSC is committed to complying with anti-corruption laws that prohibit bribes, kickbacks, or other corrupt actions to obtain or retain business or obtain any improper advantage. All suppliers must comply with applicable anti-corruption laws of the countries in which they do business while conducting business on behalf of PSC. Suppliers are prohibited from directly or indirectly receiving or offering any form of bribe,

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kickback, or other corrupt payment to or from any person or organization, including government agencies or officials, private companies, or employees of those private companies.

Health, Safety, and Environment

Suppliers must be committed to provide safe working conditions and a healthy work environment. Suppliers must act with care and respect for both the environment and the people who live in the communities where they conduct business. Suppliers must follow all applicable safety, health and environment laws, regulations, rules and practices, including providing a workplace free from violence and the influence of illegal drugs or alcohol. Suppliers must be prepared to provide PSC with such information as may be necessary to comply with government regulations related to material safety such as Material Safety Data Sheets (MSDS) and other documentation. These items allow PSC to comply with government regulations such as the U.S.'s Federal Hazard Communication Standard and the EU's regulations for the Restriction of Hazardous Substances (RoHS).

Application to Sub-Tier Suppliers

PSC chooses to work with suppliers who stand behind the quality of the goods and services that they provide, and we expect those suppliers and their sub-tier suppliers to comply with the requirements and expectations contained in this Supplier Code of Conduct. We encourage our suppliers to manage their sub-tier suppliers in accordance with the principles set forth in this Supplier Code of Conduct.