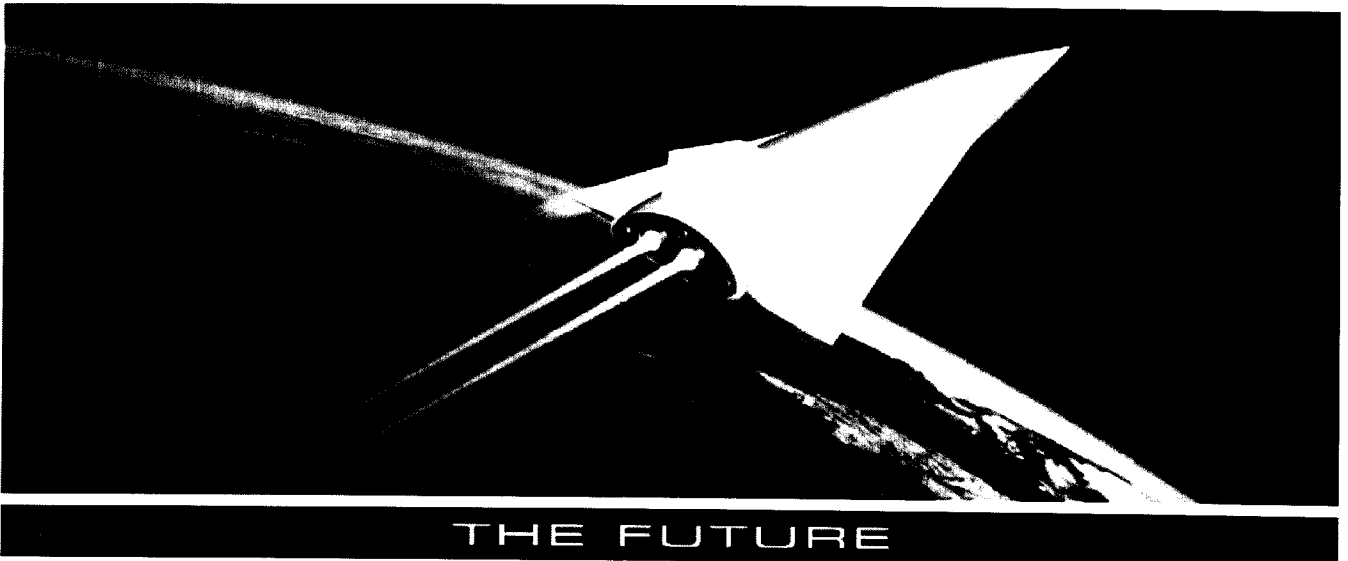


Aviation Spares International Ltd

Code of Business Ethics

Approved by the Board of Directors of Aviation Spares International Limited



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1. FOREWORD

Dear Colleagues,

- The Aviation Spares International (*ASI Code of Business Ethics*) sets out the company's boundaries of what is acceptable and not acceptable behaviour.
- In adopting the *Code of Business Ethics*, ASI accepts the Key Principles of protection and compliance that enable us to conduct our business in accordance with the highest standards and, in doing so, maintain and protect our excellent reputation.
- ASI expects all employees and everyone working with or on behalf of the company to demonstrate our Key Principles and ETHICAL Values in all business dealings. Unethical behaviour will not be tolerated at any level. Practices that might involve bribery or corruption are not and will not be accepted by ASI.
- The Board of Directors and I are personally committed to leading by example and demonstrating our ETHICAL Values. We are keen to promote an 'open door' approach for employees to raise and discuss ethical issues.
- With everyone in ASI making a commitment to adhering to our *Code of Business Ethics*, we can ensure we always work to the highest ethical standards, helping us maintain ASI's reputation for providing a product and spares service of speed, efficiency and reliability to meet all of our customer demands. Arguably our most valuable asset, it is our reputation that strengthens our business prospects both today and for the future.

Bill Stanford
Manager

4th August 2010

2. ABOUT THE CODE

2.1 The Code of Business Ethics

- The *ASI Code of Business Ethics* sets out the company's expectations and boundaries of what is acceptable and not acceptable behaviour. ASI provides employees with training and professional development opportunities to help them carry out their duties in line with this Code.
- This Code represents a framework to help guide decision-making. If you are subject to disciplinary action through a breach of the Code, it will not be an acceptable excuse to say that you have not read and understood the full policy.
- Ethics is a dynamic business topic and the *ASI Code of Business Ethics* will be continually reviewed to ensure that the company's standards are aligned with the current thinking on best practice in business ethics and reputation risk management.

2.2 Who the Code Applies To

- ✓ Employees
- ✓ Directors
- ✓ Contractors
- ✓ Business representatives
- ✓ Suppliers
- ✓ Joint venture/offset partners and organisations we team with

2.3 Who to Contact

- For further information regarding the *ASI Code of Business Ethics*, or how to report your ethical concerns, refer to the following:
Bill Stanford, Manager E: bill@aviation-spares.co.uk T: +44 (0) 1202 875336
- Employees should always seek advice from their line manager, on any behaviour not shown within this document, which you may consider to be unacceptable.
- Contractors should in the first instance speak of any ethical concerns to their employment agency or contracting company.
- Business representatives, suppliers and joint venture/offset partners should always seek advice on any ethical matter from their primary ASI contact.

3. KEY PRINCIPLES AND ETHICAL VALUES

3.1 Our Key Principles

➤ **Protection**

ASI expects every person working for or with us to help protect:

- People
- Property
- Reputations
- Relationships

➤ **Compliance**

ASI expects every person working for or with us to ensure they comply with:

- Recommended business practices and ethical procedures
- Applicable UK/EU laws and regulations
- Applicable laws and regulations in every country where ASI operates
- ASI management instructions

3.2 Our ETHICAL Values

- Being “ethical” simply means *doing the right thing*, or treating people/things as we would want and expect others to treat us/our things.
- ASI holds the following ETHICAL Values in high regard amongst the people we employ and work with:

ETHICAL Value	What It Means in ASI
<u>E</u> mpathy	Giving appropriate consideration to the needs and views of others.
<u>T</u> rust	Being direct, dependable and keeping our promises.
<u>H</u> onesty	Expressing objective views and telling the truth.
<u>I</u> ntegrity	Adhering to our Key Principles and ETHICAL Values at all times.
<u>C</u> onfidence	Having the confidence to speak up about ethical risks and issues.
<u>A</u> ccountability	Taking ownership of issues and admitting to mistakes.
<u>L</u> eadership	Leading by example to show others what is expected of them.

4. RESPONSIBILITIES

4.1 Those Who Represent ASI

- Everyone has an individual responsibility to:
 - **Protect** people
 - **Protect** property
 - **Protect** our business relationships
 - **Protect** ASI's and our people's reputation
 - **Comply** with all laws and regulations, in every country in the world where ASI operates.

4.2 Employees

- Employees have an individual responsibility to:
 - Read and understand relevant policy documents and abide by laws
 - Follow company procedures
 - Keep accurate business and employment records
 - Maintain agreed standards
 - Ask for training and support if a development need is identified
 - Consult with an ASI colleague if there is a risk the *ASI Code of Business Ethics* may have been breached
 - Report any ethical concerns to their line manager.

4.3 Board of Directors & Management Team

- Members of the Board of Directors and the Management Team have collective responsibility for defining our ethical standards, encouraging employees to discuss their ethical concerns, and ensuring that action is taken when issues or policy breaches are discovered.
- The Board of Directors and the Management Team have a role in leading by example and demonstrating our ETHICAL Values and the standards expected of others.

5. PEOPLE

5.1 Health and Safety

- ASI has an employer's legal obligation to protect employees and visitors by providing a safe working environment.
- Employees, and contractors have individual responsibility for working in accordance with ASI policy, procedures, applicable regulations and the law.

Unacceptable behaviour

- ✗ Disregard for health and safety notices or instructions
- ✗ Use of company property for any purpose other than that intended
- ✗ Use of drugs/alcohol at work
- ✗ Operating company tools or equipment without training or qualified supervision

5.2 Working Conditions

- The Board of Directors and the Management Team have a duty of care to help ensure the welfare and wellbeing of employees. Pay and working conditions must be fair and reasonable.
- Employees, and contractors have individual responsibility for working in accordance with the applicable laws, regulations and ASI policy and procedures. Employees should inform their line manager of any work related or personal issues that could affect their wellbeing or performance at work.
- Line managers are responsible for staying in regular one-to-one consultation with their team members, to ensure that any concerns relating to personal wellbeing are identified, and appropriately and sensitively managed.
- Line managers should consider whether the situation poses any ethical risk in terms of how that particular situation is handled.

Unacceptable behaviour

- ✗ Disregarding management instructions
- ✗ Failing to maintain agreed standards of performance
- ✗ Abusing benefits/assets/resources provided by the company

5.3 Respect at Work

- The Management Team is responsible for setting the example of what is meant by treating colleagues with respect.
- Employees, temporary staff and contractors have individual responsibility for ensuring their behaviour towards colleagues is acceptable. Employees should tell their line manager of any work related or personal issues that could be affecting their wellbeing or performance at work.

Unacceptable behaviour

- ✗ Making personal remarks or jokes that could be taken as offensive
- ✗ Talking down to people
- ✗ Taking credit for another person's work
- ✗ Bullying or harassment of any kind

6. PROPERTY

6.1 Company Property

- ASI is responsible for providing the tools, equipment and resources required for employees to perform their company duties, either on site or when working off site including at home.
- Employees and contractors have individual responsibility to safeguard ASI company property in their care including:
 - IT equipment especially laptops/notebooks
 - Company telephones and mobiles
 - Blackberry and other PDA devices
 - All data held on memory devices e.g. USB
 - CDs and any other portable digital media
 - Office furniture and fittings
 - Intellectual property e.g. patents, trademarks, copyrights and trade secrets
- Policy is monitored to ensure compliance. Cases of loss or damage to company property will be risk assessed by Bill Stanford, Manager and a judgement made as to whether the breach was negligent and/or of a criminal nature. The case may be reported to the appropriate authorities.

Unacceptable behaviour

- ✗ Using company phones to make unauthorised calls
- ✗ Using company resources for personal projects
- ✗ Misuse or inappropriate use of the company's IT facilities including the internet

6.2 Data Protection

- The leak or loss of any company data whatsoever into unauthorised hands presents a risk to ASI, our employees and customers. Such loss may be in breach of data protection law and therefore may be prosecuted by the authorities.
- ASI will provide secure methods for employees to store protectively marked data as hard copy documents (e.g. in locked drawers/filing cabinets or offices), or electronically (e.g. on a secure server with appropriate password protection).
- Employees, and contractors have individual responsibility for ensuring company data, to which they have access, is kept confidential at all times, both in and outside the company's premises.
- Sources of data include:
 - Company intranet(s)
 - Emails and attachments
 - Documents (commercial and technical)
 - Spreadsheets and databases
 - Letters and correspondence
 - Telephone calls, messages including mobile
 - Meeting room whiteboards/charts/material.
- Employees and those who work in our offices should keep their desk area clear and tidy while at work, and especially when the desk area is left unattended. Fax machines and printers should be checked at the end of the day, with any unclaimed papers safely stored and passed to the owner or intended recipient as soon as possible.
- Policy is monitored to ensure compliance. Data losses will be risk assessed by Bill Stanford, Manager and a judgement will be made as to whether the loss was negligent and/or of a criminal nature, which will be reported to the authorities.

7. RELATIONSHIPS

7.1 Good Customer Treatment

- We want ASI to be a company that our employees are proud to work for and our customers happy to deal with. We have a positive business culture where working relationships are built on trust and confidence. ASI employs people who we feel are a good fit within our business culture and who will contribute to our ongoing success.
- Customers must at all times be respected, treated fairly and with honesty and integrity.
- ASI will provide a mechanism for training those employees and directors more exposed to ethical risk situations.
- Employees, and contractors have individual responsibility for providing a consistently fair level of customer treatment by following ASI policy and procedures and reporting any concerns about customer treatment.

Unacceptable behaviour

- ✗ Disrespecting reasonable customer wishes
- ✗ Failing to manage customer expectations
- ✗ Failing to remain impartial and objective

7.2 Gifts and Hospitality (G&H)

- Hospitality and gifts offered or received have different interpretations in other cultures. What is perceived as an 'acceptable' business gift in one culture may be considered or be an actual bribe in another. Offering disproportionate hospitality to secure business advantage is unethical.
- Employees, business representatives and suppliers must make themselves aware of the policy and of the need to notify an ASI senior manager if gifts or hospitality are offered or received which fall outside this Policy.
- Employees, and contractors have individual responsibility for recording the receipt and giving of any Gifts & Hospitality in the register, which is subject to regular audit.

Acceptable

- ✓ Generic (e.g. group) hospitality
- ✓ G&H proportionate to status e.g. executive
- ✓ Keeping a G&H Register
- ✓ Company branded gifts of a low value (less than £25)

Unacceptable

- ✗ One to one or disproportionate hospitality
- ✗ Inappropriate or inconsistent G&H
- ✗ No records or receipts
- ✗ Cash gifts (or with a cash value)

7.3 Personal Interests

- A conflict of interest occurs when someone has a self-interest in business related dealings, one or more of which may be external and in ethical conflict with their function and role in ASI. Such conflict has the potential to impair that person's ability to make fair, honest judgements or they might abuse company resources for the pursuit of self-interest.
- Employees and contractors have individual responsibility for ensuring that an ASI senior manager is informed of any potential conflicts of interest and that permission is sought before an employee seeks secondary employment or such external interest.

Unacceptable behaviour

- ✗ Taking a second job without authorisation
- ✗ Unauthorised disclosure of confidential or sensitive company data to any third party
- ✗ Failing to notify ASI of a known potential conflict of interest such as a position or a large interest/shareholding in a supplier company, or a family member who works for a competitor

8. REPUTATION

8.1 Bribery and Corruption

- Aerospace, Defence and Security is perceived by some of the UK media and non-governmental organisations as one of the most corrupt business sectors in industry. Corruption is a major obstacle to international business and the recruitment of talented employees and graduates.
- It is against the law in the United Kingdom and other jurisdictions and, in breach of ASI policy, to promise, offer to, or accept from anyone, a bribe, favour, facilitation payment or gift 'in kind' or similar incentive to gain business advantage. ASI has in place effective procedures to mitigate the risk of involvement in bribery.
- Employees, and contractors have individual responsibility for ensuring that company policy and procedures are followed.

Unacceptable behaviour

- ✗ Promising to offer, accept, give or receive a bribe, favour or gift 'in kind' to a public official or private person and/or
- ✗ Participating in any corrupt activity to secure or retain any business on behalf of ASI ,
- ✗ Offering or making facilitation payments

8.2 Anti-Competitive Behaviour

- Anti-competitive behaviour distorts the marketplace by creating unethical advantage and is a criminal offence in the EU, the USA and many other countries.
- ASI has in place effective procedures to prevent anti-competitive behaviour.
- Employees, temps and contractors have individual responsibility for ensuring they do not engage in anti-competitive practices on behalf of or against ASI.

Unacceptable behaviour

- ✗ Illegal insider trading
- ✗ Abusing your position within the company
- ✗ Collusive bidding or price-fixing/cartels
- ✗ Collusion on market/customer allocation

9. BUSINESS REPRESENTATIVES

- ASI only does business with those representatives who meet our high ethical standards. The company does not employ individuals or companies who are shown to operate in a way that fails to meet our standards as set out in the *ASI Code of Business Ethics*.
- Business representatives are responsible for complying with all applicable ASI policies and procedures and for notifying the company in the case of a suspected policy breach. ASI requires all third party representatives to sign up to compliance with the *ASI Code of Business Ethics* and particularly Clause 8.1 relating to Bribery and Corruption.
- Employees and others responsible for the management of business representatives (including but not limited to, Agents, Advisers, Consultants, Distributors and Resellers and any other intermediary appointed and acting on behalf of ASI) must ensure that such representatives are compliant in their contracts and actions with the *ASI Code of Business Ethics* and related policies, particularly in relation to not bribing to obtain or retain business advantage.
- Business representatives should seek guidance from their ASI contact if they have a query relating to what is acceptable ethical behaviour when engaged by or working on behalf of ASI.
- Company policy, process and procedures relating to the appointment and management of business representatives are subject to regular audit.

Unacceptable behaviour

- ✘ Giving, receiving, promising to give or agreeing to receive a bribe or participating in any corrupt activity to secure or retain business on behalf of ASI
- ✘ Failing to report and escalate ethical risks and issues relating to your relationship with a business representative
- ✘ Failing to meet targets and objectives without due reason
- ✘ Failure to provide or respond to reasonable requests for updates related to your responsibilities
- ✘ Offering facilitation payments to public officials on behalf of the company

10. SUPPLIERS

- It is the policy of ASI to select suppliers on a competitive basis. ASI only does business with those suppliers who meet our high ethical standards. The company does not engage with suppliers that are shown to operate in a way that fails to meet our standards as set out in this *ASI Code of Business Ethics*.
- ASI has in place effective procedures to prevent ethical risk and compliance clauses included in Terms & Conditions/contracts.
- Employees, temporary staff and contractors have an individual responsibility for ensuring that ASI's policies, procedures and Terms and Conditions are followed and that any supplier issues, including a breach of business ethics are notified to the appropriate senior manager.
- Suppliers are requested to respect our Key Principles and ETHICAL Values when dealing with us and to notify the company in the case of a suspected breach of the Code.
- Suppliers should seek guidance from their main ASI contact if they have a query relating to what is acceptable ethical behaviour when dealing with us.
- Company policy, process and procedures relating to the appointment and management of suppliers are subject to regular audit.

Acceptable

- ✓ Justified promotional expenditure
- ✓ Proportionate expenditure on hospitality and entertainment
- ✓ Accurate keeping of receipts/accounts in relation to gifts hospitality given to ASI employees or contractors

Unacceptable

- ✗ Giving, receiving, promising to give or agreeing to receive a bribe or participating in any corrupt activity to secure or retain business with ASI
- ✗ Unauthorised or excessive expenditure on entertaining ASI employees or contractors
- ✗ No records of gifts and hospitality offered to ASI employees or contractors

11. JOINT VENTURE AND OFFSET PARTNERS

- ASI requires those organisations it deals with to adopt the same Key Principles and ETHICAL Values as those set out in the *ASI Code of Business Ethics* or similar.
- ASI would put in place effective due diligence procedures to ensure joint venture/offset partners are selected on the basis that they represent both commercial opportunity and a good fit with our positive ethical culture.
- Joint venture/offset partners and organisations that we team with are expected to act in full compliance with the *ASI Code of Business Ethics* (or their own code of an equivalent nature) and to notify the company in the case of a suspected breach of the Code.
- Joint venture/offset partners should seek guidance from their main ASI contact if they have a query relating to what is acceptable ethical behaviour when dealing with us.

12. ENFORCEMENT

12.1 Compliance Monitoring

- Identifying potential ethical risks is key to protecting the company from reputation damage, financial loss and business disruption. ASI shall have strict compliance procedures, which will be regularly audited.
- It is in the interests of ASI and its stakeholders to expect and encourage people to:
 - ✓ Work within the *ASI Code of Business Ethics*
 - ✓ Consult with an ASI colleague or their line manager to identify and resolve ethical matters
 - ✓ Always report unethical behaviour.
- Compliance monitoring helps identify where a suspected policy breach is inadvertent or may be deliberate/criminal. Compliance monitoring is the responsibility of all employees and business representatives of ASI, who need to be mindful at all times of ensuring that their behaviour is compliant with this *ASI Code of Business Ethics*.

12.2 Fraud and Related Crimes

- ASI has a duty to provide the policies and procedures to enable people to comply with the law when working with/for us.
- ASI has the obligation and the right to enforce its policies and mitigate the risk of criminal behaviour, by investigating alleged compliance breaches and applying sanctions where necessary. The company has a duty to disclose details of legal breaches, such as money laundering or bribery, to the appropriate authorities where necessary.

Unacceptable behaviour

- ✗ Using unlicensed, illegal copies or 'cracked' proprietary software
- ✗ Making false declarations
- ✗ Forging someone's signature
- ✗ Illicit logging in with someone else's ID/passwords

12.3 Record Keeping

- The keeping of appropriate and accurate records of all business transactions is important to the compliance process. Employees and business representatives must keep books, records and accounts which, in reasonable detail, accurately reflect their business transactions and dealings with and on behalf of ASI.

12.4 Accounting Transparency

- A system of effective internal accounting controls is in place to provide the management of ASI with reasonable assurance that compliance with the *ASI Code of Business Ethics*, financial statements and related ASI policies is properly documented.
- Employees of ASI with a role in finance or accounting are responsible for:
 - ✓ Accurate and detailed record keeping
 - ✓ Exercising prudence in assessing risk or asset valuations
 - ✓ Documenting the assumptions on which risk based decisions have been made

- Employees have a duty to report any material omission, falsification or irregularity they identify. Failure to report will result in disciplinary action being taken. Employees should contact their line manager to report in confidence any suspected case of money laundering.

13. INVESTIGATIONS AND SANCTIONS

13.1 The Investigation Process

- Any issue relating to unethical behaviour, by someone to whom the *ASI Code of Business Ethics* applies, will be dealt with either by the line manager or formally recorded and addressed as a training need or disciplinary matter.
- Suspected criminal cases, which do not involve fraud/related crime against the company, may be referred directly to the appropriate investigating authorities.
- Where a case of potential fraud/related crime against the company has been identified by ASI, an internal investigation will be conducted by Bill Stanford, Manager. The internal investigation helps to determine whether a suspected case of policy breach is:
 - An actual breach or 'near miss'
 - A risk/not a risk
 - Inadvertent or deliberate
- Reported fraud will be referred to the Board, which checks that processes and controls are in place and decides whether to refer the matter to the police authorities.

13.2 Sanctions

- Any employee who is found to have behaved in a way that is in breach of the *ASI Code of Business Ethics* may face disciplinary action or criminal investigation.
- If it can be proven that a breach was wholly inadvertent on the part of the employee, and the consequence of that breach is deemed to present minimal ethical risk to the company, ASI will seek to provide additional training and support to help the employee avoid any breaches in future.
- Cases of serious or deliberate policy breach will result in disciplinary action and/or dismissal. Criminal behaviour will always be reported to the appropriate investigating authorities.
- Managers have a specific role to play in enforcing sanctions that are instigated as a result of an internal investigation relating to unethical behaviour.
- Business representatives, suppliers or joint venture partners may face termination of their agreement to represent or work with us.