



INTEGRITY PROGRAM

 **FAdeA**

Fábrica Argentina de Aviones "Brig. San Martín" S. A.

Contents

03	Introduction
04	Goal / Purpose
04	Scope
04	Tone from the top
04	Integrity Program
04	FAdeA's Code of Conduct
04	Transparency in open bids and purchases
05	Periodic training
05	Responsible person
05	Report line
05	Complainant protection
05	Internal investigation
06	Risk Assessment
06	Due diligence
07	Continuous monitoring and evaluation
07	Regulatory requirements
08	Annex I: Definitions
09	Annex II: Standards pertaining to the Integrity Program

Introduction

Fábrica Argentina de Aviones “Brig. San Martín” S.A. (FAdeA) is committed to comply with anti-corruption principles and ethical conduct in all of its activities, according to Criminal Liability for Companies Act, N° 27.401, and its regulatory E.O. N° 277/18.

Act 27.401 establishes criminal liability for private companies (of domestic or foreign capital, with or without government ownership), on crimes related to corruption, committed directly or indirectly with their participation or on their behalf, interest or profit. (sections 1, 2 and 27).

In order to comply with above regulations, there arises the need to implement an Integrity Program as a *“group of internal actions and mechanisms to promote integrity, supervision and control, oriented to prevent, detect, and correct irregularities and other illegal acts described under this Act”* (Sec. 22, Act 27.401).

GOAL / PURPOSE

The goal of FAdeA's Integrity Program is to prevent, detect and correct irregularities and illegal acts.

The program purpose is to promote an ethical, transparent culture.

SCOPE

FAdeA's Integrity Program extends to all of its members, notwithstanding their position, and to third parties that are related to the Company such as customers and suppliers, among others.

TONE FROM THE TOP

FAdeA's Directors are firmly committed with the Integrity Program, its implementation and continuous update, guiding the development of control processes and assessment towards the goal of continuous improvement and effectiveness.

FAdeA's Directors are committed with transparent management practices and it is considered an essential component of the Company's business. For this, FAdeA promotes the communication, understanding and compliance throughout all Company levels, and its relations with third parties.

In order to achieve this goal, the Board of Directors makes the required resources available, to develop, maintain and update the Integrity Program.

FAdeA's INTEGRITY PROGRAM

FAdeA's Code of Conduct.

FAdeA has a policy of conducting its commercial, business and internal activities through ethics, integrity and transparency standards, following the values chosen by the Company for its Code of Conduct, applying the laws and regulations in force.

Through our Code of Conduct we are looking forward to providing guidance to our employees, business partners and third parties related to FAdeA. Our Code is the guide that must accompany us in our daily occupations, without exception.

Our Code of Conduct regulates, among others, the prevention and management of conflicts of interests, bribes and acts of corruption. Besides, it establishes the procedure for gifts, and business courtesies; of treatment and management of information, its disclosure and classification; treatment of suppliers and customers; equal opportunities and work and environment protection.

The Code of Conduct is a part of this Integrity Program and is included under Annex II.

Transparency in bids and purchasing

Purchasing and contracting are one of the main tools to guarantee the operations of a company. In order to promote more integrity in the processes, to foster transparency in the supply chain and to guarantee the best quality of services, together with an efficient

allocation of resources, FAdeA has developed an integrated system for the supply chain.

Also, said procedure, establishes a regulatory framework to improve and foster process transparency. Each purchase is classified in accordance with the impact it causes on the industrial transformation process. Purchases are classified in aeronautical or productive, and general or non-productive.

Aeronautical purchases are made through the private bid pricing system.

General purchases are made through open bids or through electronic bids, to strengthen transparency and generate improvements to the transversal integrity and achievement of goals such as financial savings.

This tool also allows an additional reduction in the purchase value, resulting from the bid itself or the competition. In the electronic bidding process, bidders identity is not revealed which, besides guaranteeing the principle of fairness, fosters transparency.

Periodic training

FAdeA provides multiple training sessions regarding diverse themes. To comply with the annual training plan, the Company develops a module with specific awareness subjects about integrity. Besides, the Board of Directors may request specific training sessions related to Program areas.

Training includes annual sessions for all of FAdeA's members. Also, all of FAdeA's workers are trained in Ethics and Integrity during first contact in the hiring process, for any type of hiring.

Integrity Responsible Person

FAdeA has appointed a Responsible person for Ethics and Transparency, through Board of Directors Minute 189, dated 22 November, 2018. She is responsible for the Compliance of the Integrity Program; she is also the Ethics Officer and Liaison for Integrity for the Anti-Corruption Office. FAdeA has also appointed an Internal Responsible Person for Access to Public Information through Minute 207, dated 05 November 2020.

Report line

FAdeA has a dedicated report line, as well as dedicated e-mail and web form to present complaints. Complaints can also be personally presented.

Complainant protection

Complaints may be placed anonymously, and in that case identity is confidential, unless it is required through court order or other authorities. Also, the Company guarantees that the complainant shall not receive any retaliation after making a complaint. No Company authority or employee is allowed to prevent a complaint from being made, if they did so, they shall be liable of disciplinary action as applicable.

Internal investigation

In case there are violations to the principles of this Program and its standards, the Company shall investigate and start the applicable procedures. Such investigations will begin after a formal statement is made or by

decision of the Company.

The authority in charge of the investigation is the Ethics Office, and the applicable procedure is the one described in IPE 01.017, Ethics and investigation procedures.

The Ethics Office shall report the results of the investigations to the Human Resources Management, the area entitled to apply disciplinary actions, if required.

The results of such investigations shall be kept by the Ethics Office and it shall submit quarterly reports to the Board of Directors.

Risk Assessment

A risk is the possibility of occurrence of any of the crimes stated under section 1 of Act 27.401:

- a) Bribery and influence peddling, domestic and foreign, as stated by sections 258 and 258 bis, under the Criminal Code;
- b) Incompatible negotiations for public officials, as stated by section 265 of the Criminal Code;
- c) Extortion, stated by section 268 of the Criminal Code;
- d) Illicit enrichment of officials and employees, as stated under sections 268 (1) and (2) of the Criminal Code;
- e) Forged balance sheets and reports, as stated by section 300 bis of the Criminal Code.

Risk assessment in two stages

- The first stage has the purpose of establishing the existing risk levels for development and compliance of the Integrity Program, that coincides with them.

The first Risk Matrix was built from a workshop that took place in FAdeA in July 2019. The participants included members of the Board of Directors, Managers and Division Chiefs.

- The second stage has the purpose of analyzing the Matrix and the Integrity Program. Such analysis shall be performed annually.

Periodic risk assessment

During the first quarter of every year, the Company shall update the Risk Matrix, this procedure shall be fostered and coordinated by the Responsible person of the Integrity Program, currently the Ethics Officer.

Also, the Responsible Person for the Integrity Program shall report to the Board of Directors regarding such update and its results.

Due diligence

Section 23.VI under Act 27.401 lists, among the Program elements, the “procedures that verify the integrity and reputation of third parties or business partners, including suppliers, distributors, service providers, agents and intermediaries, when hiring their services during the business relation”.

This element of the Program, called “Due

Diligence”, is significant in as much as the law makes all companies accountable for the actions of any individual, notwithstanding if such individual is a company member or a third party, having a formal relation or not – as long as the action is committed on behalf of, for the profit of, or in the interest of the Company.

For such purposes, FAdeA has internal procedures to provide an answer to the need for Due Diligence standards.

Various aspects related to Due Diligence are also found in some of the standards that are part of this Program (Annex II).

Continuous monitoring and assessment

FAdeA acknowledges the obligation to continuously monitor and assess the effectiveness of the Integrity Program.

For this, the following actions are taken:

- Internal audits included in the Internal Audit Unit (UAI) Annual Plan.
- Measurement of training session results.
- Analysis of report line statistics and results of internal investigations.
- Annual survey to measure the level of knowledge of the Integrity Program.

Regulatory requirements

FAdeA abides by regulatory requirements as applicable and promotes the strengthening of good compliance practices for the various standards that apply to its activities.

ANNEX I – DEFINITIONS

Code of Conduct:

The compilation of standards that rule the behavior of people in the Company or organization. Although Ethics does not impose legal punishment, the Code of Conduct is an internal standard of mandatory compliance.

Ethics Committee:

It is made by members of the Board of Directors, the Ethics Office, the Legal Affairs Division, the Internal Audit Unit and the Human Resources Management, who review the investigations and determine actions in case of formal complaints. It meets upon request, it receives quarterly reports of the activities processed by the Ethics Office.

Due Diligence:

A set of procedures that verify integrity and reputation of third parties or business partners, including suppliers, distributors, service providers, agents and intermediaries, at the time their services are hired during the business relation.

Public Official:

For FAdeA's environment, the Board of Directors and the Board Audit Committee are considered Public Officials.

Ethics Office:

It depends directly from the Board of Directors and performs diverse tasks related to reception and investigation of formal complaints, training, providing guidance to

the Board of Directors and various enquirers. In FAdeA, also, the Ethics Office is the Integrity Liaison for the Anti-Corruption Office of the Nation.

Integrity Program:

A set of actions and internal mechanisms for promoting integrity, for providing control and supervision, oriented to prevent, detect, and correct illicit actions, such as bribery, domestic and foreign influence peddling, incompatible negotiations for public officials, extortion, illicit enrichment of officials and employees, forged balance sheets and reports.

Responsible Person:

It is the person appointed by the Board of Directors to perform tasks related to the development, implementation, following up of the Integrity Program; also, he/she is the coordinator of spreading activities and training. He/she must be knowledgeable and experienced for the matter, and shall directly report to the Board of Directors. He/she shall receive the financial, material and human resources required to fulfill the role.

Risk Matrix:

A collection of contingent events that might have an impact on the organization's goals. These events are measured in a matrix to establish their probability of occurrence and their impact, and, upon this basis, to be able to determine whether the risks shall be assumed, mitigated or transferred to third parties.

ANNEX II – STANDARDS PERTAINING TO THE INTEGRITY PROGRAM

FAdeA's Integrity Program has been designed under the requirements of Act 27401, Criminal Liability for Companies.

The Program consists of, besides above mentioned, a number of internal standards that make up a harmonic system devised to materialize the goals and purposes of the Integrity Program.

Following, a list of the standards clusters is included:

1. FAdeA's Code of Conduct.

2. Standard Practice Instructions (IPEs) – Corporate Government.

01.002 - Internal Audit procedure.

01.003 - Procedure for the prevention of assets laundering and financing of terrorism.

01.004 - Design and implementation of indicators and metrics for process management.

01.005 - FAdeA's Continuous Improvement System.

01.006 - 5S Philosophy.

01.007 - Board of Directors' accountability in Quality Management.

01.008 - Quality Management System Internal Audits.

01.009 - Corrective actions.

01.011 - Hospitality and courtesies.

01.012 - Criteria of information classification and security.

01.013 - Contract execution and follow-up.

01.014 - Management Program for Environment, Health and Safety.

01.016 - Internal and External Communications.

01.017 - Ethics and procedure for investigation of complaints.

01.018 - Conflict of Interests.

3. Standard Practice Instructions (IPEs) – Business development.

02.001 - Sales of Products and Services.

02.002 - Integrated Logistics Support Management.

4. Standard Practice Instructions (IPEs) – Planning.

03.001 - Risk Management.

03.002 - Master Plan, Detailed Plan and Production Planning.

03.003 - Program Management – process management.

5. Standard Practice Instructions (IPEs) – Post sales.

04.001 - Customer satisfaction measurement.

04.002 - Warranty claims treatment.

6. Standard Practice Instructions (IPEs) – Supply Chain.

05.001 - Purchasing regulation.

05.002 - General Quality Requirements.

05.003 - Material receiving and warehouse management.

05.004 - Selection, qualifications and performance evaluation for Suppliers.

05.005 - Delivery and Exports of Materials and Services.

05.006 - Material cataloguing.

05.007 - Administrative control of Aeronautical Fuel.

disbursements.

18.005 - Fixed Assets.

18.006 - Budget.

18.007 - Billing and accounts receivable.

18.008 - Internal transfers of personnel.

18.009 - Travel Procedure.

18.010 - Tool Management documentation.

18.011 - Property Security.

18.012 - Education Assistance Plan.

7. Standard Practice Instructions (IPEs) – Information Technology Services.

12.001 - Request for information technology services.

12.002 - PC Hardware and Software control.

12.003 - Rules for use and control of e-mails and information network resources access.

8. Standard Practice Instructions (IPEs) – Business Management and Human Resources

18.001 - Direct labor time keeping using bar code.

18.002 - Work Authorizing documents.

18.003 - Procedure for calculation and payment to suppliers.

18.004 - Petty cash and imprest funds

