

# Supplier Code of Conduct

Rev. 12-01-2017.0

## A Brief Note to Our Suppliers

The Woodward Constitution sets forth the values and principles that are the foundation of our long-standing commitment to integrity. Our Constitution also identifies the stakeholders of our company, and affirms our commitment to always act in a manner that reflects our values and principles and balances the interests of these stakeholders. Suppliers are one of the five key stakeholder groups identified in the Woodward Constitution, which states:

*“Our success is strongly linked to the performance of our supply chain. We are invested in our suppliers and value long-term relationships based on shared business principles. We strive to maintain a balance of short- and long-term objectives that are mutually beneficial.”*

The purpose of this Code of Conduct is to communicate to each of you the requirements and expectations Woodward has with regard to ethics, integrity, and compliance.<sup>1</sup> We welcome any questions you may have regarding this Code, and we appreciate your adherence to the requirements, values, and principles set forth below.

Sincerely,



Matt Taylor  
Corporate Vice President,  
Supply Chain

## Respect for the Individual

*“The dignity, value and equality of all people are acknowledged and demonstrated through our actions.”*

- Woodward Constitution

### *Employment Practices*

#### No Harassment

Woodward is committed to providing a work environment where all people are treated with dignity, respect, and courtesy. Our suppliers should ensure that their employees are afforded an employment environment that is free from physical, psychological, and verbal harassment, or other abusive conduct.

#### No Discrimination

We are dedicated to promoting equal opportunity for all people without regard to race, color, religion, age, sex, national origin, disability, sexual orientation, gender identity or expression, veteran

status, marital status, genetic information, or any other protected class. We expect our suppliers to make all decisions in accordance with the principle of equal opportunity, so long as the essential functions of the job can be competently performed with or without reasonable accommodation.

#### Drug Free Workplace

Illegal drugs, or prescription medications that are taken in a manner inconsistent with their prescribed use, can: (i) have an adverse effect on performance; (ii) jeopardize the safety of others; (iii) jeopardize compliance with laws and regulations; and, (iv) constitute a risk to the business interests of Woodward. Our suppliers should implement appropriate safeguards to maintain a workplace free from illegal use, possession, sale, or distribution of controlled substances. Possession, use, sale or distribution of an illegal drug on Woodward property is not permitted.

### *Human Rights*

#### Child Labor

Woodward does not use child labor or engage in practices that result in forced labor in the manufacture of our products. Our suppliers must ensure that illegal child labor 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.

#### Human Trafficking and Forced Labor

We expect our suppliers to adhere to laws and regulations prohibiting human trafficking, to comply with all applicable local laws in the country or countries in which they operate, to refrain from violating the rights of others, and to proactively address any adverse human rights impacts that result from their operations.

Our suppliers must also ensure that forced labor is not used in the performance of work for or on behalf of Woodward. For purposes of this Code, “forced labor” is the use of any form of inappropriate coercion to compel a person to perform work. Examples of forced labor include but are not limited to physically restricting a person’s freedom to leave the workplace, taking custody of identification records (such as passports) that would allow a person to freely leave the workplace, or creating other conditions that would compel a person to perform work against his or her will.

Woodward suppliers who provide goods or services that are used in the performance of contracts with the U.S. government must educate employees on prohibited trafficking activities, discipline employees found to have violated the law or rules, and promptly notify Woodward of violations and actions taken in response to those violations. Specifically, suppliers will be prohibited from the following in all contracts:

- *Destroying, concealing, or confiscating identity or immigration documents;*
- *Using misleading or fraudulent tactics in recruiting;*

<sup>1</sup> General Disclaimer: *The Woodward Supplier Code of Business Conduct and Ethics (The “Code”) sets for the values and principles that Woodward encourages all of its suppliers to strive to achieve in their interactions with Woodward and in all of their own business activities. However, this Code is in no*

*way intended to Conflict with or modify the terms and conditions of any existing contract. In the event of a conflict suppliers must first adhere to applicable laws and regulations, then to the contract terms, and finally to this Code.*

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- *Charging employee recruitment fees or providing inadequate housing based on local standards, laws and directives;*
- *Failing to provide employment contracts and other documentation in the employee's native language;*
- *Failing to provide return transportation upon the end of employment for employees brought to the country for the purpose of working on a U.S. government contract or subcontract; and*
- *Failing to interview and protect employees suspected of being trafficking victims.*

## Integrity and Ethics

*"Our business activities are conducted with honesty, integrity and ethical behavior, and are in compliance with all laws and regulations."*  
- Woodward Constitution

### *Personal Integrity*

#### Conflicts of Interest

Suppliers should avoid conflicts of interests or situations giving the appearance of a conflict of interest in their dealings with Woodward. For example, it could be a conflict of interest for an employee of a supplier to negotiate a business transaction with a close family member who works for Woodward. When analyzing a potential conflict of interest, suppliers should ask whether the situation would create "an appearance of impropriety" if the circumstances were to become known. Our suppliers should provide notice to all of the affected parties in the event an actual or potential conflict of interest arises.

#### Insider Trading

In the course of dealings with Woodward, suppliers may receive material non-public information about Woodward, about our customers or suppliers, or about potential business transactions. Suppliers must not use this information as a basis for trading in Woodward securities or the securities of other companies. Woodward suppliers are expected to appropriately communicate this principle to any of their employees who may have access to Woodward non-public information.

#### Gifts and Entertainment

Woodward suppliers compete on the merits of their products and services. The exchange of business courtesies may not be used to gain an unfair competitive advantage, and care should be exercised to ensure that any business courtesies offered or accepted do not give rise to an appearance of impropriety. In any business relationship, our suppliers must ensure that the offering or receipt of any business courtesy is permitted by law and regulation (particularly when dealing with a representative of any government office or agency), that giving or receiving the business courtesy would not violate the rules and standards of the recipient's organization, and that any such business courtesy is consistent with reasonable marketplace customs and practices.

## *Business Integrity*

### Business Records

The integrity and accuracy of business records (including but not limited to purchase orders, contracts, quality documents and reports, certifications, and financial records) impacts government agencies and customers. We expect suppliers to create accurate records, and not alter any record entry to conceal or misrepresent the underlying transaction. All records, regardless of format, made or received as evidence of a business transaction must fully and accurately represent the transaction or event being documented. When a record is no longer needed to conduct current business, records should still be retained based on the applicable retention requirements.

Note: Suppliers performing as US Government contractors (whether direct or indirect) must comply with the requirements in Federal Acquisition Regulation 4.703.

### Confidential Information

#### *A. Confidential Information*

Suppliers must preserve confidential information entrusted to them by Woodward, and properly handle sensitive information, including confidential, proprietary, and personal information. Information should not be used for any purpose (e.g., advertisement, publicity, and the like) other than the business purpose for which it was provided, unless there is prior authorization from the owner of the information. Confidential information must never be used for personal advantage.

Suppliers should ensure confidential information disclosed by them to Woodward is properly marked, or otherwise indicate the information disclosed is confidential. In the event confidential information is inadvertently disclosed to Woodward by a supplier, we expect that supplier to promptly notify Woodward of the inadvertent disclosure. In the event Woodward inadvertently discloses confidential information to any supplier, we expect that supplier to promptly notify Woodward as soon as it becomes apparent that such information should not have been sent to the supplier, and to cooperate with all reasonable efforts to protect such confidential information from further disclosure.

Suppliers must protect the confidential and proprietary information of Woodward and others, including personal information, from unauthorized access, destruction, use, modification and disclosure, through appropriate physical and electronic security procedures. Suppliers must comply with all applicable data privacy laws. Suppliers shall assure extension of this requirement to all sub-tier sources they employ.

#### *B. Intellectual Property*

Our suppliers must respect and comply with all the laws governing intellectual property rights assertions, including protection against disclosure, patents, copyrights, and trademarks.

### Anti-Corruption/Improper Payments

Our suppliers must comply with the anti-corruption laws, directives and/or regulations that govern operations in the countries in which

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they do business, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

Our suppliers must not offer or make, directly or indirectly, any improper payments to any government employee or official<sup>2</sup>, any customer or supplier, or their agents, representatives or others. The offer, payment, or acceptance of bribes, kickbacks or other improper payments while conducting Woodward business is prohibited. This prohibition applies to facilitating payments intended to expedite or secure performance of routine government action like obtaining a visa or customs clearance. Our suppliers must not solicit, receive, or offer to receive any illegal payments from, any government employee or official, customer or supplier, or their agents, representatives or others. The receipt, payment, and/or promise of monies or anything of value, directly or indirectly, intended to exert undue influence or improper advantage is prohibited. This prohibition applies even in locations where such activity may not violate local law.

## Antitrust

Our suppliers must not fix prices or rig bids with their competitors. They must not exchange current, recent, or future pricing information with competitors.

## Global Trade Compliance

*Import/Export* - We expect our suppliers to ensure that their business practices are in accordance with all applicable laws, directives and regulations governing the import or export of parts, components, and technical data. This includes but is not limited to obtaining and or complying with all required registrations, licenses, or other authorizations.

*Anti-Boycott* - Our suppliers must not participate in, cooperate with, or further the cause of any unsanctioned foreign economic boycott, in accordance with the 1977 Export Administration Act and the 1976 Tax Reform Act.

*Conflict Minerals*<sup>3</sup> - Suppliers must adhere to federal laws and regulations requiring reporting companies to make specialized disclosure and conduct due diligence concerning their use of conflict minerals that may have originated in the Democratic Republic of the Congo (DRC) or an adjoining country. This requirement includes providing prompt response to any requests from Woodward for information necessary to support our reporting requirements.

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<sup>2</sup> The term "Government Official" includes elected or appointed government officials, candidates for political office, political parties, or employees of a government office or agency.

<sup>3</sup> Conflict minerals include cassiterite, columbite-tantalite, gold and wolframite, or their derivatives (tantalum, tin, and tungsten). Under the Securities Exchange Act of 1934, reporting companies that

## Accountability

*"Members strive for excellence and innovation in their work, challenging themselves and others to meet and exceed commitments and company objectives."*

- Woodward Constitution

## Environmental, Health, and Safety

We are committed to promoting a safe and responsible workplace that respects the environment and the health and safety of our members, our suppliers, our customers, and the communities where we are located. Our suppliers should operate in a manner that actively manages risk, conserves natural resources, and protects the environment. We expect our suppliers to establish a systematic approach to the management of risks/hazards and opportunities associated with the environment, including potential risk from regulatory non-compliance, reputational loss, and opportunities for business growth through operational and product stewardship.

Our suppliers must comply with all applicable environmental, health and safety laws, regulations, and directives. Suppliers should protect the health, safety, and welfare of their people, visitors, and others who may be affected by their activities.

## Customer Satisfaction

*"We are passionate about our Customers' success and strive for Customer satisfaction in all aspects of our business."*

- Woodward Constitution

## Quality

Suppliers must take due care to ensure their work product meets our company's quality standards. We expect our suppliers to have in place quality assurance processes to identify defects and implement corrective actions, and to facilitate the delivery of a product whose quality meets or exceeds the contract requirements.

## Materials

Suppliers must exercise care to ensure that materials used in the production of parts are compliant with the materials specifications, are identified in sufficient detail to fulfill disclosure requirements for international materials compliance regulations (such as REACH and RoHS), and are obtained from sources compliant with the requirements of any terms and conditions contained in contracts or purchase orders place by Woodward.

manufacture or contract to manufacture products that contain conflict minerals must conduct due diligence on the source and chain of custody of the applicable conflict minerals, and file a report with the SEC by May 31, 2014. We expect our suppliers to develop and implement appropriate due diligence processes, to promptly respond to any requests from Woodward for information necessary to meet our obligations, and to ensure that all products are responsibly manufactured.

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## Counterfeit Parts

Our suppliers should develop, implement, and maintain methods and processes appropriate to their products to minimize the risk of introducing counterfeit parts and materials into deliverable products. Effective processes should be in place to detect counterfeit parts and materials, provide notification to recipients of counterfeit product(s) when warranted, and exclude them from the delivered product.

## Certifications of Compliance

Woodward relies on the certifications of compliance submitted by our suppliers. Each supplier is responsible for ensuring that the information contained in each certification submitted by the supplier to Woodward contains complete and accurate information, must immediately notify Woodward in the event the supplier becomes aware that a certification is incomplete, contains inaccurate information, or is otherwise improper, and must support Woodward requests for information and investigation to determine the extent of any noncompliant conditions.

## Initiative

*"Members act with a sense of urgency to improve business results, and are committed to continuous improvement and self-development."*

- Woodward Constitution

## Reporting Concerns

Our suppliers have a responsibility to promptly raise concerns arising from the principles set for in this code. This obligation goes beyond merely following laws and policies; it includes a willingness to raise concerns, and remain engaged through their resolution. This is fundamental to our values and principles and essential to upholding Woodward's tradition of integrity. Any concerns or suspected violations of this code should be reported. We encourage you to report your concerns directly to your Woodward point of contact. However, Woodward also provides a confidential ethics help line that any person may report concerns to Woodward's Business Conduct Oversight Committee. This help line can be accessed from <https://secure.ethicspoint.com/domain/media/en/gui/19830/index.html>.

## Whistleblower Protection

Woodward promotes a work environment free from retaliation. If at any time you feel that you or your company have been retaliated against for raising a concern to Woodward in good faith, we encourage you to report the matter to Woodward's Business Conduct Oversight Committee so we can promptly investigate your concern. Our suppliers should provide their employees with avenues for raising legal or ethical issues or concerns without fear of retaliation. We expect our suppliers to take action to prevent, detect, and correct any retaliatory actions.

## Consequences for Violating Code

In the event of a violation of any of the principles set forth in this Code, Woodward may pursue corrective action to remedy the situation. In the case of a violation of law or regulation, we may be required to report those violations to proper authorities. We reserve the right to terminate our relationship with any supplier under the terms of the existing procurement/purchasing contract.