

# The Eastern Company

## Corporate Policy Manual

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### CODE OF BUSINESS CONDUCT AND ETHICS

This Code of Business Conduct and Ethics (this “Code”) of The Eastern Company (together with its subsidiaries and divisions, collectively the “Company”) applies to all officers, directors, employees (full and part-time) and temporary workers (such as consultants or contractors) of the Company (collectively referred to as “employees” in this Code), worldwide. All employees are expected to be familiar with this Code, to comply with its provisions, and to report any suspected violations. This Code should be read in conjunction with the other policies and procedures of the Company, including those referenced herein.

#### **A. Ethics and Integrity**

The Company is committed to upholding high ethical standards and doing business lawfully around the world. We have a long-standing reputation as an honest and ethical organization, which we value greatly. To that end, employees of the Company are expected to act with integrity and observe the highest ethical standards of business conduct in the course of performing their jobs. This Code outlines how employees are expected to comply with our commitment to high ethical standards and act with honesty and integrity. Although this Code is not intended to address every situation and answer every question, it provides guiding principles, practical direction and helpful resources to assist you in consistently making ethical and lawful decisions.

If you have a question regarding a situation or have any doubt whether a course of action is consistent with this Code, seek help. You are encouraged to contact your supervisor or the Company’s Chief Financial Officer (who serves as the Chief Compliance Officer of the Company). If they cannot answer your question or if you do not feel comfortable contacting them, contact the Company’s legal counsel, the Chair of the Audit Committee (the “Audit Committee”) or the Chairman of the Board of Directors of the Company (the “Board”). Concerns or complaints may also be submitted on an anonymous basis through the Company’s anonymous hotline as described in Section M below.

#### **B. Complying with Laws**

All employees of the Company must respect and comply with both the letter and the spirit of all applicable federal, state, local and foreign laws, rules and regulations, including the rules and regulations of applicable stock exchange and self-regulatory organizations. We expect the same from our business partners, suppliers and customers.

#### **C. Conflicts of Interest**

All employees of the Company must be scrupulous in avoiding any conflict of interest with regard to the Company’s interests. A “conflict of interest” exists whenever an individual’s private interests interfere or conflict (or even appear to interfere or conflict) in any way with the interests of the Company. A conflict

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situation can arise when an employee takes actions or has interests that may make it difficult to perform his or her work for the Company objectively and effectively.

It is almost always a conflict of interest for a Company employee to work simultaneously for a competitor, customer, supplier or regulator. Given this, employees are not allowed to work for a competitor as an employee, consultant or board member. The best policy is to avoid any direct or indirect business connection with the Company's competitors, customers, suppliers or regulators, except on the Company's behalf.

Conflicts of interest may also arise when an employee, or a member of his or her family, receives improper personal benefits as a result of the employee's position with the Company. For example, purchases and sales of goods and services on behalf of the Company should be on an arms-length basis, in the best interests of the Company, and transactions that result in a personal gain should be avoided. Company loans to, or guarantees of obligations of, employees or their respective family members may also create conflicts of interest. Federal law prohibits loans to directors and executive officers.

Conflicts of interest are prohibited as a matter of Company policy, except when approved by the Audit Committee or the Board. Conflicts of interest may not always be clear-cut, so employees who have any questions should consult with higher levels of management or the Company's legal counsel. Any employee who becomes aware of a conflict or potential conflict should bring it to the attention of his or her supervisor or the Chief Financial Officer of the Company.

### **D. Corporate Opportunity**

Employees are prohibited from:

- 1) taking for themselves personally any opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position;
- 2) using corporate property, information or position for personal gain or any gain that is not in the direct interest of the Company; or
- 3) competing with the Company.

Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

### **E. Confidentiality**

Employees of the Company must maintain the confidentiality of all confidential information entrusted to them by the Company or its suppliers or customers, except when disclosure is authorized by an executive officer of the Company or required by law, rule, regulation or legal proceedings. Confidential information includes all confidential, non-public or proprietary information of the Company, including, without limitation, information that might be of use to competitors or harmful to the Company or its business if disclosed such as business, marketing and sales plans, price lists, customer and vendor lists, intellectual property, organizational and salary information and any unpublished financial data and reports. It also

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includes information that business partners, suppliers and other third parties have entrusted to us, as well as data that contains personal information regarding our employees or customers. The obligation to maintain the confidentiality of all confidential information continues even after employment ends. Any documents, papers, records or other tangible items that contain confidential, non-public or proprietary information are the Company's property. Unauthorized use or disclosure of this information violates Company policy and could result in civil or criminal penalties.

Employees should consult with the Company's Chief Financial Officer if they believe they have a legal obligation to disclose confidential information. If an employee loses Company equipment, a document or any other item containing confidential information such as a Company laptop, cell phone or thumb drive, the loss should immediately be reported to a supervisor or the Company's Chief Financial Officer.

### **F. Avoiding Insider Trading**

Employees may become aware of important, non-public information about the Company or other companies before the information is shared with the general public. This information is known as material non-public information. This information comes in various forms. Normally, it is information that a reasonable investor would consider important in making an investment decision (e.g., buying or selling stock). Examples include, but are not limited to:

- 1) Information about upcoming earnings or losses
- 2) Negotiation of a merger or acquisition
- 3) Potential investment opportunities that the Company is considering
- 4) News of a significant sale of assets
- 5) Impending bankruptcy or severe liquidity problems
- 6) Changes in dividend policies
- 7) The declaration of a stock split
- 8) An offering or potential offering of securities
- 9) A significant cybersecurity incident
- 10) Changes in top management
- 11) Significant new products
- 12) Pending or threatened significant litigation, or the resolution of such litigation
- 13) Gain or loss of a substantial customer or supplier

It is illegal to trade in Company securities while in possession of material non-public information regarding the Company. It is also illegal to trade in securities of another company (such as a publicly traded customer of the Company) while in possession of material non-public information regarding that company. Furthermore, it is illegal to communicate or "tip" such information to others. The Company has adopted a Securities Law Compliance (Insider Trading) Policy (Item 107) governing trading in securities of the Company by employees, officers, directors and others (the "Insider Trading Policy"). If you have any questions concerning the Insider Trading Policy or trading in Company securities generally, please consult with the Company's Chief Financial Officer.

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### **G. Public Communications**

The way the Company communicates with the public is very important and must be accurate, honest and consistent. Only the Chief Executive Officer, the Chief Financial Officer or an employee authorized by the Chief Executive Officer or the Chief Financial Officer are authorized to speak on behalf of the Company including to investors, analysts and the media. Please see the Company's Disclosure Policy (Item 105) for further information regarding public communications by the Company.

### **H. Fair Dealing**

Each employee should endeavor to deal fairly with the Company's customers, suppliers and competitors. No one should take unfair advantage of anyone through manipulation, concealment, abuse of confidential or privileged information, misrepresentation of material facts or any other unfair dealing practice.

### **I. Protection and Proper Use of Company Assets**

All employees should protect the Company's assets and ensure they are used appropriately and efficiently and only for lawful purposes. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of improper use or theft of Company assets should immediately be reported for investigation. Company equipment should not be used for non-Company business, although incidental personal use may be permitted. In addition, Company computers, phones or IT systems may not be used to send or view material or pictures that may be considered by others to be inappropriate, illegal, sexually explicit or otherwise offensive.

### **J. Public Company Reporting**

As a public company, the Company's filings with the Securities and Exchange Commission must be full, fair, accurate, timely and understandable. All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform to applicable legal requirements, generally accepted accounting principles and to the Company's system of internal controls over financial reporting and disclosure controls and procedures. Please see the Company's Code of Ethics for Financial Employees (Item 101B) for more information regarding the foregoing.

Employees may be called upon to provide necessary information to assure that the Company's public reports are complete, fair and understandable. The Company expects employees to take this responsibility seriously and to provide prompt, accurate answers to inquiries related to the Company's public disclosure requirements and to communicate candidly with the Company's internal and independent auditors. No employee should make a false or misleading statement to the Company's internal or independent auditors nor should any employee conceal or fail to reveal any material information necessary to avoid making any statements made to an auditor misleading.

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### **K. Record Keeping**

As a public company, the Company has a duty to maintain accurate records that present a true, complete and honest picture of our financial status. Records may be in paper or electronic form and include inventory data, employment documentation, email and other documents and correspondence.

Employees have a responsibility to maintain and dispose of records according to the Company's Records Retention Policy (Item 311). Employees are also required to comply with legal holds, which are directives issued by the Company's legal counsel to retain documentation in connection with anticipated, threatened or initiated litigation. Please see the Company's Record Preservation During Pending or Threatened Litigation Policy (Item 313) for more information regarding these requirements.

### **L. Accounting Complaints**

The Company's policy is to comply with all applicable financial reporting and accounting regulations applicable to the Company and to cooperate with external and internal audits and investigations. If any employee of the Company has concerns or complaints regarding questionable accounting or auditing matters of the Company, those concerns or complaints should be submitted (anonymously or otherwise) to the Audit Committee via its Chair (which will, subject to its duties arising under applicable law, rule, regulation or legal proceedings, treat such submissions confidentially). The Sarbanes-Oxley Act of 2002 requires all public companies to establish an independent, third-party toll-free number for reporting questionable accounting or auditing matters. The Company has established this reporting number and has posted it in conspicuous locations in all of our facilities so that employees may see it. Concerns or complaints may be submitted, including anonymously if desired, by calling (888) 883-1499 (toll-free), emailing [report@telesentry.biz](mailto:report@telesentry.biz) or texting (203) 221-1742. Each of these methods of reporting is available 24 hours a day, 7 days a week, as set forth in more detail in the Company's Anonymous Hotline Policy.

### **M. Reporting any Illegal or Unethical Behavior or Violations of this Code**

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior. Employees who are concerned that violations of this Code have occurred or may occur, or that other illegal or unethical conduct by employees of the Company has occurred or may occur, should contact their supervisors or managers. If they are not comfortable approaching their supervisors or managers about their concerns or complaints, then they may contact either the Company's Chief Financial Officer, the Chair of the Audit Committee or the Chairman of the Board. The Company will seek to ensure that the identity of the reporting person is kept confidential, except to the extent the reporting person consents to being identified or the identification is required by law or is otherwise necessary to conduct a full and complete investigation of the alleged violation. Concerns or complaints may be submitted on an anonymous basis if desired by calling (888) 883-1499 (toll-free), emailing [report@telesentry.biz](mailto:report@telesentry.biz) or texting (203) 221-1742. Each of these methods of reporting is available 24 hours a day, 7 days a week, as set forth in more detail in the Company's Anonymous Hotline Policy.

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Employees are expected to report potential violations in good faith. Any attempts to harm or slander an employee, officer or director by false accusation, malicious rumors or otherwise may be subject to disciplinary action, up to and including termination.

### **N. Workplace Fairness and Respect**

The Company is dedicated to providing a work environment that is free from all forms of unlawful discrimination. The Company follows all applicable employment laws in the countries where it does business, recognizing that laws vary country to country. In addition, the Company is an equal opportunity employer and makes all employment related decisions based on job-related qualifications and without regard to characteristics that may be protected by applicable law, such as:

- 1) Age
- 2) Color
- 3) Disability
- 4) Gender
- 5) National origin or geographic background
- 6) Race
- 7) Religion
- 8) Marital status
- 9) Sexual orientation
- 10) Veteran status
- 11) Citizenship

The Company will not tolerate unlawful discrimination in any phase of employment, including recruiting, hiring, promotion, demotion, transfer, lay-off or termination, compensation, educational opportunities and selection for training.

### **O. Harassment and Bullying**

All Company employees should be able to do their jobs in a safe and respectful environment without fear of harassment or bullying. The Company will not tolerate any form of harassment or bullying behavior in the workplace, including written, verbal, physical or visual harassment or bullying. Sexual and racial harassment in any form, including derogatory language and conduct, also are prohibited.

Examples of harassing or bullying behavior include:

- 1) Inappropriate or offensive jokes, actions or comments based on race, color or gender, sexual orientation, national origin, religion, disability, marital status, veteran status or other personal characteristics
- 2) Inappropriate physical contact, including unwanted touching
- 3) Threatening, intimidating or hostile actions
- 4) Abusive language or cursing that others may find objectionable
- 5) Name calling

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- 6) Unwelcome sexual flirtations, advances or propositions
- 7) Use of sexually explicit, suggestive or degrading words
- 8) Public displays in the workplace of sexually suggestive objects, pictures or other materials

Any violation of this policy may result in immediate termination of employment.

## **P. Workplace Violence**

All Company employees have the right to perform their jobs in a safe environment without fear of threat of violence. The Company prohibits the possession of guns, explosives and other weapons inside Company facilities. All threats or violent acts should be reported. In case of immediate danger, employees should contact local law enforcement. The Company will not tolerate any violent or threatening behavior toward fellow employees. Any threatening behavior or act of violence will be investigated and appropriate disciplinary action will be taken up to and including termination. Examples of unacceptable violent or threatening behavior include:

- 1) Direct or indirect verbal threats of harm or injury
- 2) Words, gestures or shouting that create a reasonable fear of harm or injury
- 3) Stalking an individual
- 4) Intimidation

## **Q. Drug and Alcohol Free Workplace**

The Company prohibits the presence of illegal drugs or alcohol on its premises. The use, solicitation, sale or possession of illegal drugs or controlled substances without a medical prescription in Company facilities or on Company premises is prohibited. Violation of this policy may result in termination of employment.

## **R. Business Gifts**

A normal and acceptable part of any business involves engaging in business-related entertainment, such as dining or attending sporting or social events. These activities are acceptable if they are reasonable, are conducted in connection with Company business and do not influence (or appear to influence) your business judgments and decisions. It is not appropriate, however, to accept invitations to such entertainment activities if it involves a substantial cost to the provider.

Giving and accepting gifts is also a normal business activity. However, it is not acceptable to give or receive expensive or extravagant gifts or to be influenced by gifts, including free services, products, entertainment or travel. All gifts given or received must be given openly and lawfully and may not be exchanged when it influences or will be perceived to influence the nature or continuation of the business relationship. As a general rule, any gift, the value of which exceeds \$250 must be reported to your immediate supervisor or the Chief Compliance Officer.

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Special rules apply to gifts and entertainment involving government officials. No gifts of any value may be given to U.S. government officials, and gifts or entertainment involving other government officials are subject to legal restrictions and generally require advance approval. If you are in doubt as to the appropriateness of any gift or entertainment, seek guidance in advance. For more information, see the Company's Giving and Receiving Business Gifts Policy (Item 102).

### **S. Anti-bribery and Corruption Laws**

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has laws, rules and regulations regarding business gratuities that may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. For more information, please see the Company's Anti-Bribery and Corruption/Foreign Corrupt Practices Act Policy (Item 104).

### **T. Workplace Safety**

The Company is committed to maintaining a safe and healthy workplace and to complying with all applicable environmental, health and safety laws, rules and regulations. Each employee has a responsibility to help maintain a safe and healthy workplace for all employees by following the Company's health and safety rules and reporting accidents, injuries and unsafe equipment, practices or conditions.

### **U. Political Contributions**

The Company encourages its employees to participate in the political process and support candidates and issues of their choice as they desire. Political participation should be conducted on an employee's own time as a private citizen and not on behalf of the Company. Employees must ensure that their personal activities are not perceived as representing the Company and that their personal political contributions are at their own expense. The Company will not reimburse employees for their personal political contributions. Federal and state contribution and lobbying laws severely limit contributions that can be made by the Company to political parties or candidates. It is The Eastern Company's policy that Company funds or assets are not to be used to make a political contribution to any political party or candidate, unless prior approval has been given by the Board.

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### **V. No Retaliation**

The Company will not permit retaliation of any kind by or on behalf of the Company and its employees against good faith reports or complaints of violations of this Code or other illegal or unethical conduct. Anyone who tries to prevent an employee from reporting a violation or retaliates against an employee for such reporting may be subject to disciplinary action, up to and including termination.

### **W. Accountability for Adherence to the Code**

All employees are responsible for abiding by this Code. Employees who violate this Code may be subject to disciplinary action, up to and including termination.

### **X. Amendment, Modification and Waiver**

This Code may be amended, modified or waived by the Board. The Audit Committee is responsible for the administration of this Code and has the sole authority to grant waivers of its provisions affecting executive officers, subject to the disclosure and other provisions of the Securities Exchange Act of 1934, as amended, and the applicable rules of The Nasdaq Stock Market.