



<b>COMPLIANCE ON EXECUTIVE ORDER 14398: PROHIBITION ON RACIALLY DISCRIMINATORY DEI ACTIVITIES</b>
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## **Executive Order 14398 Compliance Prohibition on Racially Discriminatory DEI Activities**

### **1. Purpose**

This Standard Operating Procedure (SOP) establishes Miltope Corporation's commitment to full compliance with **Executive Order 14398 ("Addressing DEI Discrimination by Federal Contractors")**, issued March 26, 2026, and further clarified on 21 April 2026. The Executive Order prohibits **racially discriminatory DEI activities**, defined as any disparate treatment based on race or ethnicity in recruitment, employment, contracting, program participation, or allocation of resources.

This SOP applies to all employees, managers, executives, subcontractors, suppliers, and vendors engaged in work connected to federal contracts.

The creation of this SOP in relation to said Executive order, is to ensure proper flow down of requirements through the supply chain and assurance of required periodic reviews.

### **2. Definitions**

- **Racially Discriminatory DEI Activities** — Disparate treatment based on race or ethnicity in:
  - Recruitment, hiring, promotion, compensation, or training
  - Program participation (training, mentoring, leadership development, clubs, associations)
  - Contracting (vendor selection, subcontracting decisions)
  - Allocation of resources (funding, staffing, facilities)
- **Subcontractor** — Any entity at any tier performing work under a federal contract.

### **3. Prohibited Activities**

The organization strictly prohibits any practice that results in disparate treatment based on race or ethnicity. This includes, but is not limited to:

- **Race-based recruitment or hiring**
- **Race-based promotion, compensation, or training decisions**
- **Race-based eligibility for mentoring, leadership development, or employee programs**
- **Race-based allocation of funding, staffing, or facilities**
- **Race-based subcontractor or vendor selection**

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No employee, manager, or representative of the organization may design, implement, or participate in any program or activity that treats individuals differently based on race or ethnicity.

#### **4. Contracting and Subcontractor Practices**

The organization will:

- Select subcontractors, suppliers, and vendors **without regard to race or ethnicity**
- Maintain documentation demonstrating nondiscriminatory selection criteria
- Require subcontractors at all tiers to comply with the DEI EO's prohibitions
- Include the substance of this SOP and certification requirements in all subcontracts and purchase orders

#### **5. Compliance Controls and Monitoring**

The organization maintains internal controls to ensure compliance, including:

- Written nondiscrimination and equal-opportunity policies
- Annual compliance reviews of employment and contracting practices
- Required training for managers and employees involved in hiring, promotion, or subcontractor oversight
- A reporting mechanism for suspected violations
- Periodic audits of subcontractor compliance

Employees responsible for federal contract performance must complete training on the DEI EO and this SOP.

#### **6. Reporting and Disclosure Requirements**

The organization will:

- Promptly investigate any allegation of racially discriminatory DEI activities
- Report to Miltope Corporation about any **known or reasonably knowable** subcontractor violations
- Provide access to books, records, and accounts as required for compliance verification
- Notify MILTOPE CORPORATION in writing if:
  - Any response within the compliance questionnaire changes
  - The organization becomes subject to an investigation or legal action related to discriminatory practices

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- The organization becomes aware of its own or subcontractor's potential violation

## **7. Certification Obligations**

By adopting this SOP, the organization certifies that:

- It will not engage in racially discriminatory DEI activities
- It will provide all required information and reports to MILTOPE CORPORATION or the contracting agency
- It understands that noncompliance may result in contract cancellation, termination, suspension, or ineligibility for future awards
- It recognizes that compliance is material to government payment decisions under 31 U.S.C. § 3729(b)(4)
- It will flow down these requirements to all subcontractors
- It will maintain ongoing monitoring and promptly report any violations

## **8. Enforcement**

Violations of this SOP may result in:

- Corrective action
- Disciplinary measures up to and including termination
- Termination of subcontractor relationships
- Mandatory reporting to MILTOPE CORPORATION and federal agencies

## **9. SOP Review**

This SOP will be reviewed annually or upon changes to federal requirements.

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**Revision History**

The following table is for historic value and reference only.

Revision History			
Rev No.	Description of Change	Originator	Effective Date
A	Initial Release EO 14398 was issued 26 March 2026, and further guidance was published 21 April 2026	Alora Perkins	4/21/2026