



## CODE OF BUSINESS ETHICS AND CONDUCT

**Company Ethics Hotline (888) 867-2837, or email: [hotline@sauer-inc.com](mailto:hotline@sauer-inc.com)**

**Company Ethics Compliance Officer: Tim Steitz (412) 687-1660, [tsteitz@sauer-inc.com](mailto:tsteitz@sauer-inc.com)**

### A MESSAGE FROM THE DIVISION MANAGER

As Division Manager of Sauer Mechanical (“Company”), I support The Company “Code of Business Ethics and Conduct (“Code”) and our commitment to ethical and legal standards of conduct. This Code shall provide the standards by which all Company employees are expected to carry out their daily responsibilities. It guides the way we treat our customers, vendors, and our fellow employees. Our goal is to conduct our business with excellence, integrity, and responsibility.

Compliance with government laws and regulations is of primary importance at The Company and is essential to The Company’s continued success. Further, all of us are responsible for protecting and maintaining the excellent reputation of our Company. To that end, this Code is designed to help clarify the ethical and legal standards to which we should adhere in performing our work.

A good foundation for ethical behavior consists of common sense, good judgment and compliance with governmental laws and regulations. The purpose of this Code is to help us all understand the basic principles within which we must all operate and promote responsible decision making. Should a situation arise that is not covered in the Code or if an employee is unsure how to handle a situation, he or she should seek guidance from a supervisor or The Company Ethics Compliance Officer.

Join me in committing ourselves to upholding the ethical and legal standards outlined in this Code. Following these principles while achieving our financial goals, will ensure the long-term success of The Company.

*Peter Nolen*

## **1.0 CODE OF BUSINESS ETHICS AND CONDUCT**

The Company is committed to the highest standards of integrity. This means that The Company is dedicated to conducting business in an ethical manner and in compliance with all applicable laws and regulations. All employees should understand that improper activities could damage The Company's reputation and result in serious adverse consequences for both The Company and the individuals involved. Moreover, all employees should avoid practices that may create even an appearance of impropriety. The purpose of this Code is to affirm required standards of conduct.

The Code provides a guide to ethical practices in working with customers, suppliers, the general public, and each other. The Code sets forth the standards which all employees, representatives, and, where appropriate, agents and subcontractors of The Company are expected to follow when carrying out their responsibilities for or on behalf of The Company. You should keep in mind that statements of policy, laws, and regulations cannot cover every ethical question that may arise. Your own personal integrity, common sense and good judgment are the best guides to ethical and responsible conduct.

Unless otherwise indicated, this Code applies to all employees and agents of The Company, and subsidiaries. With respect to any employee covered by a collective bargaining agreement, this Code shall be applied in a manner consistent with such collective bargaining agreement. Its purpose is to affirm The Company's dedication to the highest standards of business conduct.

The Company shall provide each employee with a copy of the Code. Each employee shall, upon receiving and reviewing a copy of the Code, complete an acknowledgement of receipt and understanding of the Code and The Company's Zero Tolerance and Reports of Violations Policy.

All employees of The Company will be required to certify their compliance with the requirements of this Code on a periodic basis.

### **1.1 COMPLIANCE WITH LAWS, REGULATIONS, POLICIES, PROCEDURES, AND WORK RULES**

You must conduct The Company's business in compliance with all applicable Federal, state, and local laws and regulations, as well as any applicable local or international laws and regulations. In addition to such laws and regulations, you must comply with all Company policies, procedures, and work rules. Each and every employee of The Company shall report any potential or actual violation of the Code, intentional or otherwise, to his or her supervisor or the Ethics Compliance Officer.

The Company emphasizes that this fundamental commitment to conducting business in an ethical manner and in compliance with all applicable laws and regulations cannot be compromised. Consequences for a violation of this Code include verbal warnings, written warnings, suspension, termination of employment, and/or legal action.

### **1.2 ENTERTAINMENT EXPENSES AND GIFTS FOR NON-GOVERNMENT PERSONNEL**

The Company is committed to competing solely on the merit of our quality and services provided. Employees should avoid any actions that create a perception that favorable treatment was sought,

received, or given in exchange for personal business courtesies. Business courtesies include gifts, gratuities, meals, refreshments, entertainment or other benefits from persons or companies with whom The Company does or may do business. Employees shall not give nor accept business courtesies that constitute, or could reasonably be perceived as constituting, unfair business inducements that would violate law or the policy set forth herein, or that would cause embarrassment or reflect negatively on Company's reputation.

### **1.2.1 GIFTS, FAVORS, AND ENTERTAINMENT PROVIDED BY THE COMPANY**

Providing meals, refreshments, promotional items (i.e., company logo apparel) and modest entertainment while discussing business with non-government personnel is permitted by The Company provided that the expenses are reasonable in nature and amount and are conducted in accordance with established Company procedures. However, they should be avoided in all circumstances if they might create even the appearance of impropriety or cause embarrassment to The Company. If you have any questions as to whether an expense is reasonable in nature or amount, please contact your supervisor or the Ethics Compliance Officer prior to incurring the expense.

Personnel should also make sure that furnishing meals, refreshments, or entertainment does not violate the standards of conduct of the non-government recipient's company or organization. If you have any doubts about what these standards are, be sure to ask your customer or supplier.

Likewise, all expenditures for business meals, refreshments, or entertainment must be:

- reasonable in nature
- reasonable in amount
- made in the proper course of business
- compliant with applicable law and Company policies and ethical standards

All approved expenditures for meals, refreshments and entertainment must be documented in accordance with established Company procedures. If you have questions regarding The Company's Travel and Business Expenses procedures, you should request guidance from your supervisor or the Ethics Compliance Officer.

### **1.2.2 GIFTS, FAVORS, AND ENTERTAINMENT RECEIVED BY COMPANY**

Employees may not solicit or accept any gift, social amenity, or entertainment, from any source, unless the employee has obtained prior approval from Management or the Ethics Compliance Officer. This prohibition includes but is not limited to cash or cash equivalents, gift cards, golf outings, fishing or hunting trips, tickets to events, overnight stays, vacations, or any gift or entertainment of any kind or nature.

Employees may accept occasional meals and refreshments that are shared with the person who has offered to pay for the meal or entertainment, provided that:

- They are not inappropriately lavish or excessive (must be reasonable in nature, amount, and made in proper course of business)

- The courtesies are not frequent and do not reflect a pattern of frequent acceptance of courtesies from the same person or entity.
- The courtesy does not create the appearance of an attempt to influence business decisions, such as accepting courtesies or entertainment from a supplier or vendor who has a business decision with respect to The Company arising in the near future.

As it relates to special occasions and promotional/advertising items, Employees may accept the following:

- Flowers, fruit baskets and other modest presents that commemorate a special occasion.
- Advertising or promotional items of nominal value, such as calendars, pens, mugs, caps, and t-shirts (or other novelty).

### **1.3 TRAVEL AND BUSINESS EXPENSES**

No expense that is inconsistent with any provision of this Code or the Travel and Business Expense Policy attached as Appendix C to this Code will be reimbursed. If you are unsure of whether The Company will reimburse for a specific expense, you should consult your supervisor or the Ethics Compliance Officer in advance of incurring the expense. Employees are held accountable for all information submitted for reimbursement under the Travel and Business Expense Policy. Accordingly, it is your responsibility to ensure that all of the information submitted for reimbursement is accurate and consistent with this Code. Falsification and/or abuse of this policy may result in legal action as well as normal disciplinary action, up to and including termination of employment.

### **1.4 COMPETITION AND ANTITRUST**

The Company shall comply with all applicable antitrust and trade regulation laws. These laws foster fair competition and prevent artificial restraints on the economic system of this country. Employees and Company representatives shall not participate in collusive bidding, nor shall they discuss or exchange information with a competitor on prices, terms, or conditions of sales or services. Nor shall they discuss or exchange any other competitive information or engage in any other conduct in violation of any of the antitrust laws.

### **1.5 CONFLICT OF INTEREST**

Representatives of The Company and Company employees have an obligation of loyalty to The Company. We expect Company representatives and employees to avoid any activity that might detract from or conflict with The Company's interest. Examples of potential conflicts of interest are:

- Employment by a competitor while employed by The Company;
- Acting as an officer or director for another company while employed by The Company;
- Acting as a consultant to our customers or suppliers;
- Employment of relatives of our customers or suppliers.

Conflicts of interest arise when a person is involved in a private interest that can affect, in any way, the decisions he or she is responsible for making as an employee of The Company or a representative of The Company. Certain situations are particularly sensitive because perceptions of conflicts can sometimes be as damaging as real conflicts. Therefore, we must be careful to avoid even the appearance of a conflict of interest. The Company expects all Company representatives and employees to avoid any outside business or financial interest or other activity which may interfere with the proper performance of his or her responsibilities to The Company.

Any Company representative or employee who feels he or she may have knowledge of a conflict situation, actual or potential, should report all pertinent facts to his or her supervisor or the Ethics Compliance Officer.

## **1.6 SAFEGUARDING THE COMPANY'S CONFIDENTIAL AND PROPRIETARY INFORMATION**

You must not disclose The Company's confidential or proprietary information to anyone outside The Company or use such information for your own personal benefit. Confidential or proprietary information includes information on The Company's decisions, planning, business strategy, competitive bids, existing or potential customers, suppliers, financial results or operations, trade secrets, patents, research studies, construction and fabrication techniques, marketing strategies, and any other information that is of a confidential or proprietary nature regardless of the paper or electronic media used to store the information.

Employees who handle confidential information including, but not limited to Social Security numbers, health records, and financial records and transactions, have an extra duty of care to safeguard this information against theft or misuse and must handle such information accordingly.

Proprietary information also includes inventions and other information that employees may create or develop which relate to The Company's business. You are required to report these inventions and information to The Company as the first step toward possible patent or copyright protection of these valuable assets. When you leave The Company, you are required to return all confidential or proprietary documents and records in your possession to your supervisor. Even after leaving The Company, you have a continuing legal obligation not to disclose The Company's confidential and proprietary information. An employee or Company representative, who suspects a compromise of confidential or proprietary information, or improper access to a competitor's proprietary data or government source selection data, should report immediately to the Ethics Compliance Officer.

If any reporter, lawyer, investigator, or other outside party contacts you regarding any Company business or information, you must promptly contact your supervisor before discussing any such matter. After receiving such authorization from your supervisor, no employee shall withhold or conceal information legally requested by any regulatory or law enforcement authority or knowingly furnish incorrect or misleading information to any such authority.

## **1.7 COMPANY RELATIONS WITH OUR SUPPLIERS**

The Company shall procure all materials, supplies, equipment, consulting, and other services from qualified suppliers at the lowest overall cost available within the requirements for quality performance and the vendor's ability to meet delivery schedules.

As a Company and as individuals, we will employ ethical business practices in source selection, negotiations, determinations of award, and administration of purchasing activities so as to assure the continued confidence of our customers, suppliers, and vendors. Procurement actions will be based on fair and impartial selection of capable and responsible sources of supply, maximum use of competition where practicable, in conformance with all applicable laws, regulations and contractual obligations, and monitored by an effective system of procurement procedures and management controls to prevent fraud or other misconduct.

If, at any time, an employee feels pressured to make a decision contrary to these standards, he or she should bring that problem to the attention of his or her supervisor or the Ethics Compliance Officer.

## **1.8 COMPANY ASSETS AND FINANCIAL TRANSACTIONS**

You are personally responsible and accountable for the proper expenditure of funds and the use of Company property under your control including Company vehicles, accounts, and all funds and property of customers under The Company's custody. The Company's property is not to be used for personal benefit, sold, loaned, given away, or otherwise disposed of, regardless of condition or value, without proper authorization. Persons spending or committing Company funds must be certain that the transaction is legal and properly documented and that The Company receives appropriate value in return.

Equipment and vehicles essential in accomplishing job duties are expensive and may be difficult to replace. When using property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines. Prompt reporting of damages, defects and the need for repairs could prevent deterioration of equipment and possible injury to employees or others.

## **1.9 POLITICAL ACTIVITIES**

Participation in political activities should be in your role as a private citizen and never on behalf of The Company. This includes contributions to any political party, politician, and candidate for public office or political action committee. Payments to government officials and personnel designed to influence any governmental decision that may affect The Company are forbidden.

No Company funds, assets, or facilities may be used, directly or indirectly, for the support or opposition of any political party or candidate. This prohibition includes reimbursement from Company funds for personal contributions, including the purchase of tickets to fundraising events.

No employee shall be either favored or prejudiced in any condition of employment or promotion as a result of making or failing to make any such contribution.

## **1.10 PROHIBITION AGAINST TRAFFICKING IN PERSONS**

### **1.10.1 PROHIBITION AGAINST COMMERCIAL SEX ACTS**

The United States Government has taken a zero-tolerance policy regarding trafficking in persons. Accordingly, all employees are prohibited from engaging in any sex act on account of which anything of value is given to or received by any person.

### **1.10.2 PROHIBITION AGAINST FORCED LABOR AND INVOLUNTARY SERVITUDE**

All employees are prohibited from recruiting, harboring, transporting, or obtaining a person for labor or services through the use of force, fraud, or coercion.

Consequences for a violation of this policy include verbal warnings, written warnings, suspension, termination of employment, and/or legal action. Any employee who feels he or she may have knowledge of an actual or potential violation of this policy should report all pertinent facts to his or her supervisor or the Ethics Compliance Officer.

### **1.11 INSIDER TRADING**

Company employees may own and trade publicly traded securities. However, no employee may buy or sell a security on the basis of material, nonpublic information about the security obtained by virtue of the employee's performance on a government contract. Likewise, an employee may not buy or sell a security on the basis of material, nonpublic information obtained from a government employee in connection with his or her employment with the government.

Company employees are further prohibited from sharing material, nonpublic information about a security obtained by virtue of the employee's performance on a government contract, or if such information was obtained from a government employee in connection with his or her employment with the government.

### **1.12 REPORTING REQUIREMENTS**

The accurate recording and reporting of costs incurred by The Company in the course of conducting business is of the utmost importance. Employees should ensure that all costs are accurately recorded, and any changes in records are documented, explained, and approved.

Likewise, it is essential that a complete copy of every report filed on behalf of The Company be retained in the files of the unit which prepared the report. Copies of all such documents shall be retained by The Company until destroyed in accordance with established records disposition procedures.

All Company business data, books, records, and reports must be accurate, truthful, and timely, including your expense reports, entries into The Company's accounting systems, forecasts, and cost estimates. Your complete honesty is also required in dealing with any auditor or investigator regarding any transaction or entry. Falsifying any Company record is prohibited.

### **1.13 "ZERO TOLERANCE" AND REPORTS OF VIOLATIONS**

Unethical or illegal behavior will not be condoned or tolerated. Any employee who violates this Code shall be subject to appropriate disciplinary action, which may include dismissal. Disciplinary action may also be taken against supervisors, officers, or Company managers who knowingly condone or permit illegal or unethical conduct by those reporting to them and do not take corrective action. Disciplinary actions for violations of certain laws or regulations can include criminal prosecution of individuals by the government with conviction resulting in probation, fines, or imprisonment.

The Company's employees must recognize that, in the area of ethics, legality and propriety, each employee has an obligation to The Company that transcends a normal reporting relationship.

Employees are required to report all known or suspected violations of this Code to their supervisor or the Ethics Compliance Officer. Violations may be reported orally or in writing. Managers are obligated to act on all good faith employee reports of suspected violations; such reports will be forwarded to the Ethics Compliance Officer for follow-up and tracking; and reporting employees will receive follow-up reports and feedback on corrective actions to the extent feasible. All such reports will be treated in confidence.

Such reports can also be made by emailing [hotline@sauer-inc.com](mailto:hotline@sauer-inc.com), or anonymously, if desired, by calling The Company Ethics Hotline (888-TO-SAUER [888-867-2837]), any time of the day or night.

Any employee that makes a report in good faith of an actual or perceived violation of this Code shall not be subject to retaliation or reprisal of any kind. An employee who reports a false violation shall be subject to appropriate discipline.

Consequences for a violation of this Code include verbal warnings, written warnings, suspension, termination of employment, and/or legal action. If you have any questions regarding your obligations under this Code, contact your supervisor or the Ethics Compliance Officer.

#### **1.14 ETHICS COMPLIANCE OFFICER & SUPERVISORY/EMPLOYEE RESPONSIBILITY**

The Company's Ethics Compliance Officer is Tim Steitz, Executive Vice President, Sauer Holdings, Inc, (412) 687-1660, [tsteitz@sauer-inc.com](mailto:tsteitz@sauer-inc.com). The Ethics Compliance Officer serves as a point of contact for matters pertaining to the Code of Business Ethics and Conduct and has the resources to ensure the effectiveness of the business ethics program and the Company's internal control system.

Additionally, every Company officer, director, manager, and supervisor is responsible for implementing compliance in their division or department and responsible for ensuring their division or department has the appropriate controls and processes in place and other mechanisms to ensure compliance with the Code of Business Ethics and Conduct. Every Company officer, director, manager, and supervisor is also responsible for setting an example in their behavior, providing guidance and leadership to their employees, and monitoring and acting on any behavior by their employees that is in violation of this Code.

Each employee is responsible for reading and understanding this Code and following all recommendations and guidelines within. Each employee must exercise his or her own personal integrity, common sense, and good judgment as guides to ethical and responsible conduct. If any employee is uncertain about the ethics, propriety, or legality of any actions or decisions as an employee of The Company, the employee should request the necessary guidance from their supervisor, the Ethics Compliance Officer, or contact The Company's HOTLINE. Employees who bring their concerns may do so without fear of retaliation and have an avenue to report concerns through the HOTLINE that allows for anonymity and confidentiality.

#### **1.15 INTERNAL CONTROL SYSTEM**

The Company's internal control system includes various detection, review, and reporting mechanisms, including but not limited to:

- Receive any reports of violation, written or oral;



- Conduct an investigation, with other officers of The Company or internal/outside legal counsel as needed, to determine whether or not a violation has occurred;
- Report to officers of The Company the results and recommendations of such investigations, including any disciplinary action and timely disclosures;
- Review and evaluate compliance matters, the compliance program, and internal control systems;
- Monitor and inspect the operations of The Company to detect criminal conduct and perform a periodic risk assessment for criminal conduct.

## **APPENDIX B – ETHICS AND COMPLIANCE POLICIES FOR FEDERAL PROJECTS**

The sections of the Code listed below apply to personnel assigned to, working on, or providing back office support (i.e., estimating, drafting, clerical, etc.) to Federal government projects (i.e., projects for the U.S. Navy, U.S. Marine Corps, U.S. Army Corps of Engineers, Dept. of Defense, General Services Administration, U.S. Air Force, etc.).

### **1.0 COMPANY RELATIONS WITH THE GOVERNMENT**

No employee or representative of The Company shall, in connection with any transaction with any agency or instrumentality of the United States government, or any other governmental entity at the state or local level, engage in any conduct in violation of Federal, state, or local law, or regulation or conduct that is otherwise inconsistent with The Company's Code. To further this goal, each employee or company representative involved in work for or on behalf of the Federal, state, or local government, either directly or as a subcontractor, shall follow the policies set forth below.

While the following categories are not an exhaustive listing of the many areas in which compliance with government procurement regulations is necessary, these areas are included here to amplify the seriousness of compliance with all laws, regulations, and contract provisions applicable to The Company when dealing with the government. Any employee with knowledge of a violation of any government requirement, either statutory or contractual, must report immediately to his or her supervisor or to the Ethics Compliance Officer.

### **1.2 FRAUD**

A variety of laws and regulations prohibit fraud and may be applicable on a wide range of company projects. These laws and regulations include, but are not limited to, the Civil and Criminal False Claims Act, the False Statements Act, the Anti-Kickback Act, the Truth in Negotiations Act, the Foreign Corrupt Practices Act, and the independent price determination provisions of the FAR. These laws generally prohibit making false representations that another person or entity relies upon to its detriment. To avoid committing fraud, company employees should always be honest when communicating with clients, vendors, suppliers, government agencies, subcontractors, or other persons. Company employees should also avoid making representations without having a clear and accurate understanding of the facts of a situation.

If you have any questions regarding what laws are applicable to a project or what to do to avoid potentially violating those laws, you should consult your supervisor, or the Ethics Compliance Officer and they will direct you to the appropriate resource. Employees with the following responsibilities should take added care in their compliance with common contract requirements:

### **1.2.1 THE RECORDING, ALLOCATION, AND CHARGING OF COSTS**

The intentional mischarging of costs to a government contract may result in substantial criminal and financial penalties to The Company and to the individuals involved. Mischarging of costs may result from the improper allocation or transfer of costs, including overhead and indirect costs. To prevent mischarging of costs, employees should ensure that all costs are accurately recorded, and changes in records are documented, explained, and approved.

### **1.2.2 TIMECARD REPORTING**

Employees who file timecards must be careful to do so in a complete, accurate, and timely manner. It is the individual responsibility of each employee to ensure the accuracy of each entry. Employees must record their time truthfully and accurately based on work actually performed in conjunction with each government contract. It is important that labor hours be recorded against the correct contract. Misallocation of time charges is prohibited because such activity is a serious violation of this Code and could constitute commission of an illegal act.

### **1.2.3 THE PREPARATION AND NEGOTIATION OF PROPOSALS TO THE GOVERNMENT**

Under the Truth in Negotiations Act, The Company must submit or identify cost or pricing data that include all relevant facts as of the time of agreement on the contract price. We are required to certify that, to the best of our knowledge and belief, such data are accurate, complete, and current. Employees involved in the pricing process are responsible for having an absolute understanding of the applicable regulations and for providing a best estimate of the effort required and for disclosing any facts relating to that estimate. Where there is any doubt about whether disclosure is required, the best rule to follow is "when in doubt, disclose."

### **1.2.4 THE DESIGN, MANUFACTURE AND TESTING OF PRODUCTS**

It is imperative that employees disclose any material deviations from the requirements of a government contract and seek and obtain approval for any such deviation in goods or services supplied to the government. Delivery to the government of goods that have been made from lower quality materials, delivery of materials that have not been tested as required or providing foreign-made materials when domestic materials are required by the contract are fraudulent practices and shall not be condoned.

### **1.2.5 THE PREPARATION AND SUBMISSION OF INVOICES AND PROGRESS PAYMENT REQUESTS**

The knowing presentation of false claims to the Federal government is prohibited by criminal statutes and the civil False Claims Act. Violations may result in substantial criminal and financial penalties to The Company and to the individuals involved. They may also result in debarment of The Company and individuals from government contracting. To prevent false claims, employees must ensure that all bills, invoices, progress payment requests, and other similar submissions are accurate and true. Any violations must be reported to your supervisor or the Ethics Compliance Officer.

## **1.2.6 BIDS, PROPOSALS, AND THE PROCURMENT OF GOVERNMENT PROJECTS**

Employees must not accept or solicit competitor bid or proposal information, or source selection information pertaining to The Company's own or others' bids or proposals before the award of a Federal agency procurement contract to which the information relates. After contract award, requests for source selection information or bid or proposal information must only be submitted through proper channels to persons with proper authority to consider and grant such requests.

Contractor bid or proposal information is information submitted to a Federal agency in connection with a bid or proposal, including cost or pricing data, indirect costs and direct labor rates, proprietary information, and other information marked by the contractor as "contractor bid or proposal information." Source selection information is information not previously made available to the public that is prepared for use by a Federal agency in evaluating a bid or proposal, such as bid or proposal prices, source selection plans, technical evaluation plans and the results of technical evaluations or proposals, cost or price evaluations of proposals, competitive range determinations, rankings of bids or proposals, and reports and evaluations of source selection panels, boards, or advisory councils.

## **1.2.7 USE OF GOVERNMENT OWNED PROPERTY AND FACILITIES**

Employees are prohibited from using government property or facilities for The Company's commercial work or for work not related to the purpose for which the government facilities were provided.

## **1.3 IMPROPER PAYMENTS RELATED TO FEDERAL CONTRACTS**

### **1.3.1 GRATUITIES TO GOVERNMENT PERSONNEL**

Local, state, and Federal government agencies each have strict rules describing when their employees can, and cannot, accept entertainment, meals, transportation, gifts, and other things of value from companies and people they regulate or with whom they do business. For some agencies, nothing of value may be accepted by their employees. This company's policy is very simple and straightforward -- employees, agents and representatives of The Company may not give, or offer to give, to government employees any item, service, entertainment, meal, gift, or form of transportation. At all times, company representatives are prohibited from giving government employees gratuities in the form of cash or investment interests such as stocks, bonds, and/ or certificates of deposit.

Similarly, company personnel may not make loans, guarantee loans, or make payments to or on behalf of any local, state, or Federal government employee.

Company personnel may entertain relatives or personal friends employed by government agencies. It should be made clear, however, that this entertainment is social in nature and not related to The Company's business. No expenditure for such social entertainment is reimbursable by The Company.

### **1.3.2 GRATUITIES TO FOREIGN OFFICIALS**

No employee or company representative shall promise, offer, or make any payments in money, products, or services to any foreign official in exchange for, or in order to induce, favorable business treatment for government decisions. The Foreign Corrupt Practices Act ("FCPA") and

other U.S. laws prohibit the payment of any money or anything of value to a foreign official, political party, or any candidate for foreign political office for purposes of obtaining, retaining, or directing business. The FCPA also contains provisions on recordkeeping and internal accounting controls, which require the maintenance of accurate books and records and a system of internal accounting controls sufficient to provide reasonable assurances as to the proper execution and recording of transactions and the protection of assets.

Any employee or company representative with knowledge of a violation of this policy should report it immediately to his or her supervisor or the Ethics Compliance Officer.

### **1.3.3 COVENANT AGAINST CONTINGENT FEES**

No employee or company representative shall enter into any arrangement to pay a commission, percentage, brokerage, or other fee that is contingent upon the recipient's success in securing any government contract.

In addition, no employee or company representative shall maintain any agency or hire any employee for the purpose of exerting improper influence to solicit or obtain any government contract.

If you have any questions as to whether an arrangement violates this policy, please contact your supervisor or the Ethics Compliance Officer.

### **1.3.4 PAYMENTS TO INFLUENCE FEDERAL TRANSACTIONS**

No employee or company representative may use Federal appropriated funds to pay any person for influencing or attempting to influence an officer or any employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal actions.

If you have any questions as to whether a payment violates this policy, please contact your supervisor or the Ethics Compliance Officer and he or she will direct you to the appropriate resource.

### **1.3.5 SUBCONTRACTOR KICKBACKS**

Payments, gratuities, gifts, or favors provided to any government prime contractor or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a government contract or subcontract are violations of the Anti-Kickback Act of 1986, and are prohibited. Any employee or company representative with knowledge of a suspected violation of this law shall report it to his or her supervisor or the Ethics Compliance Officer. Under the Anti-Kickback Act of 1986, The Company is obligated to report promptly to the government all suspected kickback violations.

## **1.4 CONFLICT OF INTEREST RELATED TO FEDERAL CONTRACTS**

When performing on government contracts, a "personal conflict of interest" refers to a situation where an employee has a financial interest, personal activity, or relationship that could impair the employee's ability to act impartially and in the best interest of the government. If The Company is engaged in any contracts that require services that involve performance of acquisition functions

closely associated with inherently governmental functions, you must disclose and prevent personal conflicts of interest or even the appearance of a personal conflict of interest. In addition, an employee or company representative shall not use non-public information accessed as a result of his or her performance on a government contract for personal gain. If you have any questions regarding your obligation to disclose a personal conflict of interest, contact your supervisor or the Ethics Compliance Officer.

## **1.5 CONFIDENTIAL, CLASSIFIED, OR PROPRIETARY INFORMATION**

Employees and company representatives must comply with all Federal laws and regulations related to the safeguarding of confidential information. You must mark or label confidential or proprietary information and limit its access to authorized persons with a need to know that particular information. Unauthorized disclosure even to other company employees is prohibited. You must take special care to assure that the receipt, use, and disclosure of confidential or proprietary information belonging to others is handled properly.

If you are performing on a government contract that involves access to information that is classified as “Confidential,” “Secret,” “Top Secret,” “Controlled Unclassified Information (CUI),” or “Federal Contracting Information (FCI)” you are required to comply with additional security requirements imposed by the Federal government. If you have any questions regarding how to handle confidential or proprietary information, please contact your supervisor or the Ethics Compliance Officer.

## **1.6 THE RECRUITING AND HIRING OF CURRENT OR FORMER GOVERNMENT EMPLOYEES**

The rules relating to recruiting and hiring current or former government employees are complex; therefore, no employee should initiate negotiations with or extend any offers of employment to any current or former government employee without first obtaining the review and written approval of the Ethics Compliance Officer.

If The Company decides to consider a “covered DoD official” for future employment within two years after that official leaves DoD service, The Company shall not provide compensation to that official unless The Company has first determined that the official has received, or has requested at least 30 days prior to receiving compensation from The Company, a written opinion from the appropriate DoD ethics counsel regarding the applicability of post-employment restrictions as required by DFARS 203.171. “Covered DoD official” is defined as set forth in DFARS 252.203-7000(a).

## **1.7 DISPLAY OF POSTERS**

The Ethics Compliance Officer shall ensure that each project manager displays any and all Hotline Posters as required by FAR 52.203-14 and DFARS 252.203-7004.

## **1.8 DISCLOSURE**

The Ethics Compliance Officer, or other officers of The Company, and internal or outside legal counsel (as needed) shall make “timely” written disclosure to the agency Inspector General, with a copy to the contracting officer, whenever The Company has credible evidence of a violation of the civil False Claims Act (31 U.S.C. §§ 3729-3733), or of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations.

## **1.9 COVERED FEDERAL CONTRACTS**

For any government project in excess of \$5,000,000 and a performance period of more than 120 days ("Covered Contract"), The Company shall provide to each employee on the Covered Contract the Code of Business Ethics and Conduct; the "Code of Business Ethics and Conduct – Addendum: Ethics and Compliance Policies for Federal Projects"; and "Ethics and Compliance Training " as appropriate for employees assigned to these Covered Contracts.

Employees on Covered Contracts must certify to their receipt and acknowledgement of the "Code of Business Ethics and Conduct," the "Code of Business Ethics and Conduct – Addendum: Ethics and Compliance Policies for Federal Projects," upon receipt and review of these policies, and the "Ethics and Compliance Training " upon receipt and completion of the training. Employees on Covered Contracts will be required to acknowledge these provisions periodically.

## **1.10 SUBCONTRACTOR COMPLIANCE WITH ETHICS AND COMPLIANCE POLICIES FOR COVERED FEDERAL CONTRACTS**

For any government project with subcontracts in excess of \$5,000,000 and with a duration of more than 120 days, The Company must include in the subcontract, the requirement that the subcontractors have their own Code of Business conduct, their own business ethics awareness and compliance program and internal control system. The Company will train the employees of the subcontractors on its Code of Business Ethics and Conduct, as necessary.

## APPENDIX C: TRAVEL & BUSINESS EXPENSES

### 1.0 Purpose

This Policy sets forth the Company's guidelines for reimbursing reasonable travel and business expenses that are incurred by you on the Company's business with the prior approval of your Supervisor.

### 1.1 Policy

If you must travel away from your home-based assignment on Company business, you will be reimbursed for travel expenses according to the guidelines below. ***All travel arrangements should result in the lowest possible costs to the Company and should be made through the Company designated travel services whenever possible and if available.***

### 1.2 Travel

- Air Travel – Domestic travel will normally be in coach class, unless first class upgrades are available to you at no cost to the Company.
- Travel by Automobile – When personal vehicles are used for Company business, reimbursement for mileage will be governed by the current Company Policy. In cases where you drive your personal automobile from one location to another and then use it for daily commuting from a place of temporary residence to a fixed work location, the Company will reimburse mileage between the two cities but will not reimburse mileage for daily commuting. If you receive a car allowance from the Company, mileage will be reimbursed in accordance with Sauer's Policy.
- Taxi/Limousine/Car Rental – Reasonable and necessary taxi and limousine fare and car rental expenses will be reimbursed. Employees traveling alone should rent a compact car. Cars should be rented from vendors with whom the Company has corporate discounts.

#### 1.2.1 Hotel/Motel Accommodations

You should select comfortable and convenient hotel or motel accommodations, but not luxurious resort accommodations unless a business function is held at such a facility. A request for a corporate discount should be made in any case at the time of reservation and at registration.

#### 1.2.2 Meals

The Company will reimburse you for the cost of *reasonable* meals while you are traveling.

#### 1.2.3 Tips and Miscellaneous

The Company will reimburse you for reasonable and customary tips and other miscellaneous expenses incurred as a result of travel.

#### 1.2.4 Entertainment

You must follow the Company's Code provisions, use sound judgment when entertaining, and document on the expense report the amount spent, for whom, and for what business

reason. ***Extraordinary expenses for entertainment must be approved by your Division Manager in advance.***

### **1.2.5 Parking**

Expense for parking while on Company business, including parking at an airport while on Company travel, will be reimbursed.

### **1.2.6 Reporting**

Traveling expenses are to be reported on at least a monthly basis on an itemized expense report form for approval by your Supervisor. ***You must attach a receipt for all expenses.***

### **1.2.7 Travel Advances**

Travel advances are discouraged and in general not made to employees. In most cases, the Company will have reimbursed you prior to the date you must pay travel expenses charged on your credit card. In cases of unusual hardship, however, you may request travel advances through your Supervisor, who will review any request and submit it to the Division Manager for final approval. You will also provide a signed acknowledgment that you have received the advance and that you authorize the Company to withhold from your paycheck any outstanding balance owed the Company.