

**BUSINESS ETHICS AWARENESS
AND COMPLIANCE GUIDELINES**

Procedure No: QS 5.111
Revision: C
Date Revised: 02 May 2016
Date Created: 25 Jan 2010

REVISION LOG PAGE

<u>Revision</u>	<u>Date of revision</u>	<u>Description of revision</u>
--	25 Jan 2010	Initial release.
A	07 Nov 2012	Ethics Officer changed.
B	07 Feb 2014	Converted document to a regular QS company procedure format, changed the name from 'Ethics Policy' to 'Business Ethics Awareness And Compliance Guidelines' and updated the policy to better match the FAR language and to add text related to kickbacks and flow-down requirements to suppliers.
C	02 May 2016	Ethics Officer changed.

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1.0 PURPOSE & SCOPE

It is the policy of Ultra Electronics – USSI that all employees and associates maintain the highest ethical standards in the conduct of Company affairs; comply with all laws governing its operations and conduct business affairs in an ethical manner that excludes considerations of personal advantage or gain. Furthermore, these company ethics guidelines shall be flowed-down to all subcontractors in support of USSI operations.

2.0 GENERAL REQUIREMENTS & COMMENTS

Many of the requirements discussed in this procedure come directly from the FAR Part 3 – Improper Business Practices and Personal Conflicts of Interest. The Company and its employees will maintain high standards of personal conduct and integrity at all times as they conduct the Company's business.

3.0 RESPONSIBILITY

Company Responsibilities:

- Implement the Business Ethics Awareness and Compliance Guidelines.
- Ensure through communication and training programs that all employees are aware of and understand the USSI Business Ethics Awareness and Compliance Guidelines.
- Ensure that there will be no retribution from the company for reporting alleged violations.
- Ensure deployment of Hotline posters / placards is adequate.
- Provide for an Ethics Officer: **David Jost**

Employee Responsibilities:

- Review regularly their knowledge and understanding of the Business Ethics Awareness and Compliance Guidelines.
- Uphold the Business Ethics Awareness and Compliance Guidelines as demonstrated by daily business conduct.
- Seek help when the proper course of action is unclear or unknown and encourage fellow employees to consult with the Company Ethics Officer when it appears they may be in danger of violating the Business Ethics Awareness and Compliance Guidelines.
- Remain alert and sensitive to situations that could result in actions by an employee that are illegal, unethical, in violation of the Business Ethics Awareness and Compliance Guidelines or are otherwise improper.
- Report alleged or actual violations of the Business Ethics Awareness and Compliance Guidelines, using the Ethics Hotline (**866-384-4277**) or the Ethics Point website (**[EthicsPoint](#)**), or the Department of Defense Hotline (**800-424-9098**) for appropriate action.

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4.0 DEFINITIONS AND ACRONYMS

BEACP – Business Ethics Awareness and Compliance Program

DCMA – Defense Contract Management Agency

FAR – Federal Acquisition Regulation

ICS – Internal Control System

5.0 PROCEDURE

5.1 Introduction

The Company intends that its employees adhere to the highest ethical standards in all its business dealings. These standards apply in acquiring new business as well as in performing existing contractual obligations. Improper activities could harm the Company's reputation for integrity and otherwise result in adverse consequences to it and its employees. Transactions involving the United States Government must be undertaken with particular care. Even the appearance of impropriety may be extremely damaging.

These Guidelines are provided for the employees of the Company, with respect to dealings with customers, suppliers, the Government, the public, and others.

Adherence to the Business Ethics Awareness and Compliance Guidelines is the responsibility of each employee and is a condition of continued employment. The Business Ethics Awareness and Compliance Guidelines will be administered independently of other Company practices. Adherence to the Business Ethics Awareness and Compliance Guidelines will be the subject of management attention and periodic internal audits and reviews.

Compliance constitutes an important element in the evaluation of the employee for continued employment, promotion, and compensation.

5.2 Ethical Guidelines

5.2.1 Gifts, Etc., To Others;

Gifts, Favors, Entertainment and Payments Given by Company Employees:

Gifts, outside of nominally valued promotional materials which contain company logos or brand names, or other things of value shall not be given to an employee of a customer, with the intent to influence that employee's conduct. Gifts, regardless of reason, are discouraged generally except for marketing purposes which should adhere to the following guidelines:

1. They are consistent with accepted business practices.
2. They are of sufficiently limited value and in a form that will not be construed as a bribe or payoff.
3. They are not in violation of applicable law and generally accepted ethical standards; and
4. Public disclosure of the facts will not embarrass the Company or our customers.

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Payments, commissions or other compensation to or for the benefit of employees of customers (or their family members or associates) not required by written contract are contrary to USSI policy.

Entertainment expenses – lunch/dinner (including spouses) are not allowed for US Government employees. Reasonable entertainment expense is allowable for non-US Government customers for sales and marketing purposes.

5.2.2 Gifts, Etc., Received;

Gifts, Favors, Entertainment and Payments Received by Company Employees:

1. Employees shall not seek or accept for themselves or others any gifts, favors, entertainment, payments nor shall they seek or accept personal loans other than conventional loans at market rates from lending institutions from any persons or business organizations that do or seek to do business with or is a competitor of the Company.

In the application of this policy:

a. Employees may accept for themselves and members of their families common courtesies usually associated with customary business practices. These business practices may vary from country to country. These include but are not limited to:

- Lunch and/or dinner with suppliers sometimes including spouses as long as the invitation is extended by the supplier and is reciprocal.
- Gifts of small value from suppliers such as calendars, pens, pads, knives, etc. containing company logo.
- The receipt of alcoholic beverages is discouraged.
- Gifts of perishable items usually given during the holidays such as hams, cookies, nuts, etc. are acceptable.

b. A strict standard is expected with respect to gifts, services, discounts, entertainment or considerations of any kind from suppliers.

- Day-long golf outings are acceptable with prior approval from the appropriate Company official. The supplier must be in attendance and participation by the employee's family members is not acceptable.
- Use of supplier's facilities (vacation homes, etc.) by employees or families for personal use is prohibited.
- It is never permissible to accept a gift in cash or cash equivalent such as stocks or other forms of marketable securities of any amount.

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2. Management employees should not accept gifts from those under their supervision of more than limited value.

5.3 Conflict of Interest

Employees should avoid any situation which involves or may involve a conflict between their personal interest and the interest of the Company. As in all other facets of their duties, associates dealing with customers, suppliers, contractors, competitors or any person doing or seeking to do business with the Company are to act in the best interest of USSI. Each employee shall make prompt and full disclosure in writing to their manager of any potential situation which may involve a conflict of interest. Such conflicts include:

1. Ownership by associate or by a member of their family of a significant interest in any outside enterprise which does or seeks to do business with or is a competitor of the Company.
2. Serving as a director, officer, partner, consultant, or in a managerial or technical capacity with an outside enterprise which does or is seeking to do business with or is a competitor of the Company. Exceptions to this can be approved by the USSI President.
3. Acting as a broker, finder, go-between or otherwise for the benefit of a third party in transactions involving or potentially involving the Company or its interests.
4. Any other arrangements or circumstances, including family or other personal relationships, which might dissuade the associate from acting in the best interest of the Company.

5.4 Proprietary Data

The Company's trade secrets and proprietary information are parts of its valuable Intellectual Property. These include technical, financial, operating, marketing, and administrative information in many forms. Protection of their confidentiality is vital. An employee shall not use such information for personal benefit.

Furthermore, an employee shall not disclose or make public such information except with the authorization of the Company Ethics Officer or otherwise in accordance with the Company's policies and procedures. This restriction on disclosure to others applies to the Government and to prime contractors, subcontractors and suppliers, as well as to the general public.

Whether inside or outside the Company and its facilities, an employee shall take reasonable precautions to protect such information from inadvertent disclosure.

Company employees may from time to time receive or have access to trade secrets or proprietary data of the Government, other corporations, and others. Employees shall handle these in accordance with any agreements concerning their use or disclosure, and with the same care and under the same restrictions as if they were trade secrets or proprietary data owned by the Company.

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Furthermore, employees shall not disclose to other Company employees or use for the benefit of the Company the trade secrets and proprietary data of their former employers.

5.5 Use of Company Time and Property

Company property, physical or intellectual, may not be used for personal advantage. This policy applies to all resources, from computers, copy machines, printers and office supplies to Company phones used excessively for private calls. Casual personal use of phones and computers is permitted, but using company computers for personal gain (running a business) is not permitted. Use of Company assets for any unlawful or unethical purposes is strictly prohibited.

Time Charging – It is critical that USSI observes fair, honest billing practices in accordance with Government regulations. This rule is absolute. Correct time reporting, on a daily basis, is the responsibility of the individual employee and the employee’s supervisor or department manager.

5.6 Employment of Current and Former U.S. Government Employees

Federal, state and local laws and regulations establish a number of requirements or restrictions on present and former Government employees. An employee who formerly worked for the Government, or who serves as a special Government employee or a reservist on active duty, shall strictly comply with these rules. It is Company policy that discussions of possible future employment may not be held with a current United States Government employee as it violates these rules.

5.7 Political Contributions

No funds or assets of the Company shall be used for or in aid of any candidate or nominee for federal political office in the United States or for or in aid of any political parties or committees in connection therewith.

No funds or assets of the Company shall be used for or in aid of any candidate or nominee for state or local political office in the United States or for or in aid of any political parties or committee in connection therewith unless otherwise permitted by law.

These prohibitions cover direct contributions and indirect assistance such as the furnishing of goods, services or equipment to candidates, political parties or committees. Federal law prohibits such corporate contributions as to federal elections.

5.8 Kickbacks

Kickback, as used in the FAR clause, means: any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind that is provided, directly or indirectly, to any prime contractor, prime contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable

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treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract. The Anti-Kickback Act of 1986 was passed to deter subcontractors from making payments and contractors from accepting payments for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or a subcontract relating to a prime contract. The act prohibits any person from:

- Providing or attempting to provide or offering to provide any kickback;
- Soliciting, accepting, or attempting to accept any kickback; or
- Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime contractor to the United States or in the contract price charged by a subcontractor to a prime contractor or higher-tier subcontractor.

5.9 Consultants

Properly utilized, consultants may be able to assist the Company in achieving its legitimate business objectives. However, employees must ensure that consultants to the Company comply with relevant laws, regulations, Company policies, and terms of their consulting agreements, including requirements concerning procurement information and conflicts of interest. Consulting agreements shall require such compliance. Consultants' costs are unallowable if contingent upon recovery of the costs from the Government, or not reasonable in amount, documented and allocable to Government work.

5.10 Reporting Procedures

Alternatives are available to employees to report or ask questions about a perceived violation of the Business Ethics Awareness and Compliance Guidelines. These alternatives are:

- Contact your immediate supervisor. This should be the primary resource in most instances.
- The next step should be to seek the advice of anyone in the department's chain of command. In other words, the "open door policy" with your supervisor's boss etc.
- A further alternative is the Company Ethics Officer. Whenever an alleged violation is reported to the Company Ethics Officer, it is documented on a report log.
- The identity of any employee asking questions or raising concerns is safeguarded to every extent possible, as is the identity of any other employee who might be named.
- Employees may raise concerns anonymously. If this occurs and enough facts are available to proceed, the anonymous tips will be fully investigated.
- Employees may also utilize the two locked suggestion boxes for reporting purposes.

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5.11 Confidential Reporting of Suspected Ethics Indiscretions

Any employee wishing to report a suspected violation of the Business Ethics Awareness and Compliance Guidelines may contact the Ethics Helpline by calling (866-384-4277) or by logging on to the [EthicsPoint](#) website, or calling the Department of Defense Hotline (800-424-9098) and making a report. Employees have the option of giving their name or remaining anonymous. An investigation of the reported suspected violation will ensue and corrective action instated as required.

Please note that the Helpline is not the appropriate place to register an employee grievance if you feel you are not properly treated in accordance with Ultra Electronics Human Resources or other policies. Those reports should be made to your supervisor, manager, or to your Human Resources Department in the first instance. If you cannot raise a grievance within your business for some reason then the Helpline should be used. Use of the Helpline is appropriate when someone else is mistreating others or not complying with the Code, other Ultra Electronics policies, or any law or government regulation.

The Helpline is not the appropriate place to register a security violation. Those reports should be made to your Facility Security Officer (FSO) or the Department of Defense (DoD) Hotline according to the requirements of the National Industrial Security Program Operating Manual (NISPOM).

5.12 Enforcement

Any infractions of this “code of ethics” will not be tolerated and USSI will act quickly in correcting improper conduct or for failing to take reasonable measures to prevent or detect improper conduct. Any employee found to have violated the USSI code of ethics may be subject to disciplinary action, up to and including termination of employment.

6.0 REFERENCES

- U.S. Foreign Corrupt Practices Act
- U.K. Bribery Act 2010