



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

Approved by: Chuck Costanza
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PURPOSE:

Because McLane Advanced Technologies counts the United States Government as an important customer, compliance with Government contracting rules and regulations is of utmost importance to McLane Advanced Technologies.

- This Code of Conduct sets policy for the behavior of all employees in conducting business with the Government. It also provides policy to ensure all employees abide by these guidelines and provides means of reporting any violations. Government contracting laws and regulations are constantly changing; therefore, McLane Advanced Technologies will analyze this program annually (or more frequently, as appropriate) to ensure any Government contracting rules and regulation changes are incorporated.

SCOPE:

This policy applies to all McLane Advanced Technologies employees and sub-contractors.



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

Table of Contents

- 1.0 Introduction
- 1.1 Ethics and Compliance Program
- 1.2 Conflicts of Interest
- 1.3 Proprietary or Confidential Information
- 1.4 Record Keeping
- 1.5 Gifts, Gratuities and Bribes
- 1.6 Kickbacks
- 1.7 Political Contributions
- 1.8 Lobbying Restrictions
- 1.9 Recruiting or Employing Former Government Personnel
- 1.10 Contract Negotiation and Claims Made to the Government
- 1.11 Antitrust
- 1.12 Export Control and Anti-Boycott Laws
- 1.13 Equal Opportunity, Discrimination and Harassment
- 1.14 Reporting any Illegal or Unethical Behavior
- 1.15 Reporting Overpayments by U.S. Government
- 1.16 Employee Acknowledgment and Agreement Form

1.0 INTRODUCTION

It is the policy of McLane Advanced Technologies, LLC (MAT) to comply with all laws and regulations governing our domestic and foreign operations and to conduct our affairs in keeping with the highest moral, legal and ethical standards.

McLane Advanced Technologies and its affiliate companies have a business tradition based on honesty, integrity and high business principles, whereby responsible, honorable employees, operating in an atmosphere of excellence, make sound business decisions based solely on value and performance. The Company's reputation for business integrity results from our employees' commitment to these standards. This Code of



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

Conduct exists to provide employees, customers, subcontractors and the public with an official statement of how MAT will conduct itself in the marketplace.

MAT will conduct its business fairly, impartially, in an ethical and proper manner and in full compliance with all applicable Company policies and procedures, as well as local, state and federal laws and regulations. In conducting our business, integrity must underlie all Company relationships, including those with the US Government, customers, suppliers, subcontractors, communities and among employees.

Ethical business conduct is required of all McLane employees in the performance of their company responsibilities. Employees must not engage in conduct or activity that may raise questions as to the Company's honesty, integrity, impartiality, reputation or otherwise cause embarrassment to the Company. It is the responsibility of each and every McLane employee to maintain the highest standards of business ethics, including taking positive action to prevent and report any improper acts.

The purpose of this Code of Conduct is to affirm standards of conduct and practices with respect to how we conduct ourselves professionally. Employees will ensure that:

- Respect, fairness and integrity are the foundation for all of our transactions and interactions;
- They will comply with all local, state and federal laws and regulations;
- They will comply with all Company policies and procedures;
- They will not take advantage of their employment with McLane to seek personal gain through abuse of their position or through the inappropriate use of McLane or non-public information;
- They will protect all company, customer, supplier, subcontractor and Government assets and use them only for appropriate company-approved activities;
- They will follow all restrictions on the use and disclosure of information. This includes following all requirements for protecting the information of McLane and ensuring that non-McLane proprietary information is used and disclosed only as authorized by the owner of the information or as otherwise permitted by law;
- They will not offer, make or accept any unlawful payment in the form of bribes, illegal gratuities, kickbacks, unlawful political contributions or lobbying payments;



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

- They will follow all restrictions on recruiting and hiring former U.S. Government officials;
- They will not make any false or inaccurate statement in negotiating or performing any U.S. Government contract or in making any claim under such contract;
- They will not engage in any unfair or anti-competitive business practices;
- They will not violate any international agreement, national law or regulation regarding the import or export of information or products, including any applicable export control or anti-boycott law;
- They will act in conformity with the principles of equal opportunity and create a working environment in which diversity is accepted and valued and free of any sexual harassment; and
- They will promptly report any illegal, unethical or other improper conduct, as well as any overpayment received in connection with a U.S. Government contract, to senior management, Human Resources, the Compliance and Ethics Officer, the McLane Compliance Hotline **1-877-319-8250**, or other appropriate authorities.

Any exceptions to or deviations from this Code of Conduct must be approved by the Chief Executive Officer.

There is both a management and an individual obligation to fulfill the intent of this Code. Any clear infraction of applicable laws or of prevailing business ethics will subject an employee to disciplinary action, which may include reprimand, probation, suspension, reduction in salary, demotion or dismissal—depending on the seriousness of the offense. Disciplinary measures will apply to any supervisor who directs or approves of such actions, or who has knowledge of them and does not move promptly to correct them. Appropriate disciplinary measures also will apply to any supervisor who fails to carry out management’s responsibility to ensure that all employees are informed about this policy.

Nothing in this Code prohibits or restricts the Company from taking disciplinary action on any matters pertaining to employee conduct, whether or not such conduct is expressly discussed in this document to include legal action if warranted.

Each employee must read this Code of Conduct and be familiar with its requirements and sign the **Employee Acknowledgment and Agreement Form at Policy 1.16**.



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

WHERE TO GO FOR ASSISTANCE

Every employee has the responsibility to ask questions, seek guidance and report suspected violations of this Code of Conduct. Retaliation against employees who come forward to raise genuine concerns will not be tolerated.

If you have a question on these rules, please immediately contact the McLane Advanced Technologies Compliance and Ethics Officer (The Facility Security Officer is also the Compliance and Ethics Officer), or if he or she is not available, please contact Human Resources, the Company President or Chief Executive Officer or call the McLane Advanced Technologies Ethics Hotline at **1- 877-319-8250**. To report waste, fraud or abuse on Government contracts, call the DoD Hotline at 1-800-484-9098 or visit the DoD Hotline website at ww.dodig.osd.mil/HOTLINE/index.html.

1.1 ETHICS AND COMPLIANCE PROGRAM

McLane Advanced Technologies Ethics and Compliance Program incorporates the following:

Code of Conduct: This Code of Conduct was established to outline expected behavior of employees and provide guidance in conducting business with the Government. **The McLane Advanced Technologies Code of Conduct will be adhered to by all McLane Advanced Technologies personnel.**

Distribution of Code of Conduct. MAT will make certain that all employees are provided a copy of the Code of Conduct, are offered training on the Code of Conduct and sign the **Code of Conduct Acknowledgment & Agreement Form at Policy 1.16** verifying they have read and thoroughly understand the Code of Conduct and all related policies. The Code of Conduct is available at corporate headquarters, included in the Employee Handbook and is available on the secured company website.

New Employee Orientation. MAT conducts a New Employee Orientation Program for all new hires. The purpose of this program is to convey the corporate culture of compliance and ethics at McLane and ensure that new employees completely understand what is expected of them while performing their company functions and responsibilities. The program provides information on laws and regulations of government contracting, expected behavior, the McLane Advanced Technologies Compliance Hotline (**1-877-319-8250**) and DoD Hotline, policies and procedures and McLane's Code of Conduct.



**MCLANE ADVANCED
TECHNOLOGIES**

**Human Resources Policy & Procedures
Code of Conduct**

The Orientation Program includes both written materials and live presentations on McLane's Ethics and Compliance Program.

Training Programs. McLane routinely conducts training sessions for employees to include, but not limited to:

- Ethics Issues - Identifying potential workplace ethical issues and appropriate response and reporting.
- Contract Compliance - Basic government contract laws and regulations to ensure employees avoid noncompliance issues on behalf of themselves and the company as a whole.
- Timekeeping - Ensuring that employees fully understand and comply with timekeeping policies and procedures.
- McLane and DOD Hotline - Ensuring employees are aware of the Hotlines, issues to report, and that Hotline communications are confidential.
- Security - Making employees aware of security procedures and issues to report to the Facility Security Officer.
- Quality, Health & Safety - Ensuring that employees are aware of and follow QHS policies and procedures in order to perform their responsibilities in a safe manner and with the utmost quality.

McLane utilizes various methods to perform training. These include interactive classroom instruction, video and web-based programs, group presentations, distribution of handbooks and e-mail updates and placement of posters in common areas.

Internal Audits and Compliance. McLane will conduct periodic internal audits of its Ethics and Compliance Program. These audits consist of reviewing policies and procedures to ensure they are in compliance with and incorporate current laws, regulations and standards and to make sure all employees are following McLane's Code of Conduct and its policies and procedures.

The audit report will cover all areas of the program to ensure that the Company:

- (1) meets current laws and regulations;
- (2) conducts appropriate training sessions;
- (3) maintains the McLane Compliance Hotline;
- (4) responds to all reports of potential violations in a timely manner; and



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

(5) does not deviate from the program.

The President will take action to ensure that all deficiencies in the program are corrected in a timely manner.

Company Management. McLane Advanced Technologies Chief Executive Officer has the responsibility to ensure the Ethics and Compliance Program is followed by all employees. He may delegate authority to the Compliance and Ethics Officer to monitor the program on a day-to-day basis. The President is responsible for the annual internal audits and will closely review the reports.

Compliance and Ethics Officer (Facility Security Officer). The Compliance and Ethics Officer oversees the McLane compliance program and functions as an independent and objective reviewer of compliance and ethics issues and concerns within McLane. The Compliance and Ethics Officer receives and directs compliance issues to appropriate resources for investigation and resolution and is responsible for ensuring reports from employees are responded to in a timely manner.

Internal Reporting Mechanisms. Employees must report violations or suspected violations of this Code of Conduct. Reports can be made to an employee's supervisor, the Compliance and Ethics Officer, Human Resources, the employee's Department Head, the Company President or Chief Executive Officer. Additionally, a company Hotline exists to allow employees to report violations anonymously **1-877-319-8250**. The employee may also report violations or suspected violations via the company website anonymously. McLane includes information regarding the Hotline in regular e-mail correspondence from senior management and other company literature as well as posting on the company website and at corporate headquarters. Employees are able to call the Hotline and leave a detailed report, which is completely confidential. For detailed information on how to make a report, see **Policy 1.14**.

Investigations. MAT will promptly investigate all reported Code violations. Violations of this Code will be treated seriously. Employees must cooperate fully with any such inquiry and provide truthful, complete and accurate information to those investigating reported violations.

Reporting to Government Officials. In the event that the internal investigation reveals a violation of applicable law or regulation, MAT will make any necessary reports to appropriate Governmental entities. We will fully cooperate in connection with any investigation by a Government body or agency, and we will respond to any inquiries by Government officials in an honest, forthright and truthful manner. Any MAT employee who is contacted by a Government entity concerning McLane should promptly inform



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

his or her supervisor, as well as the Compliance and Ethics Officer. Any request for inspection, documents or other information from a Government entity should be referred immediately to the Compliance and Ethics Officer or the President.

Employee Discipline. MAT has established policies and procedures for disciplining employees who violate the Code of Conduct and government contract laws and regulations. Methods of discipline may include reprimand, probation, suspension, reduction in salary, demotion or dismissal—depending on the seriousness of the offense.

1.2 CONFLICTS OF INTEREST

It is the philosophy of McLane Advanced Technologies that the affairs of the Company will be conducted openly, honorably, honestly and impartially and to ensure that managers and employees will constantly strive to maintain the confidence of its owners, clients, suppliers and the community with prudence and integrity. Employees shall act in a way that will avoid even the appearance of improprieties.

Specifically, employees are expected to adhere to the following employment conditions concerning potential conflicts of interest:

- Competitors. Employees will have no contact with a competitor that results in a monetary or non-monetary disadvantage to clients or McLane Advanced Technologies, or in disclosure of Company proprietary information. McLane Advanced Technologies will act with competitors only to promote ethical and beneficial social and legislative objectives and will not participate in business activities that are in violation of antitrust laws.
- Proprietary Information. Employees will not discuss, disclose or provide any information regarding the Company's business or its personnel (including resumes) which would be detrimental to the Company's interests, nor will they divulge proprietary information concerning client contacts or the Company's financial status to any third party without prior written authorization from the Chief Executive Officer. See also **Policy 1.3** below.
- Monetary Gain. Employees will not use their position in the Company when selecting or dealing with suppliers and others in order to obtain monetary gain for themselves.
- Non-Monetary Gain. Employees will always seek the most beneficial business arrangement for McLane Advanced Technologies and will not give preferential treatment to a supplier, organization or individual because of friendship or past



**MCLANE ADVANCED
TECHNOLOGIES**

**Human Resources Policy & Procedures
Code of Conduct**

business relationships when such treatment would result in a disadvantage to the Company.

- Payments To or From Clients. Employees may not give or receive gifts, commissions or other payments to or from clients as an inducement to do business with McLane Advanced Technologies. See also **Policy 1.6** below.
- Use of Company Resources. The use of Company employees or resources for any purpose other than McLane Advanced Technologies business is strictly prohibited.
- Personal Business. Employees will refrain from personal business transactions with McLane Advanced Technologies customers.
- Outside Employment. Employees seeking outside employment are expected to discuss potential outside activities with their manager ahead of time in order to avoid possible conflict of interest situations as well as interference with their efficiency, promptness and overall performance at McLane Advanced Technologies.

All employees are responsible for disclosing to their Manager or their President any apparent conflict of interest. The President, the employee's manager and the employee will make a final determination as to a course of action. In the event a conflict of interest occurs, the Company may take any disciplinary action which appears necessary or appropriate, including termination of employment.

1.3 PROPRIETARY OR CONFIDENTIAL INFORMATION

It is the policy of McLane Advanced Technologies to ensure that the operations, activities and business affairs of McLane and our clients are kept confidential to the greatest possible extent.

If, during their employment, employees acquire confidential or proprietary information about McLane Advanced Technologies and its clients, such information is to be handled in strict confidence and not to be discussed with outsiders. Protection of this confidential information is essential. Employees are responsible for the internal security of such information.

All McLane Advanced Technologies employees involved in government contract bids or solicitations must also comply with the Procurement Integrity Act's (41 U.S.C. § 423) prohibition against obtaining or disclosing procurement information, source selection information or contractor bid or proposal information associated with a federal agency



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

procurement prior to the award of the contract to which such information relates, other than as provided for by law. Should any employee come into contact with such information, he or she must immediately report it to his or her immediate supervisor.

Employees with a valid security clearance who have access to classified information must also ensure that the information is handled in accordance with pertinent Federal procedures. These restrictions apply to any form of classified information.

1.4 RECORD KEEPING

McLane Advanced Technologies must maintain accurate and complete company records.

The accounting records of McLane Advanced Technologies will be accurately kept following McLane Advanced Technologies Policies and Procedures for the Accounting and Finance Department and will comply with generally accepted accounting principles and government contracting rules and regulations. Any misrepresentation or falsification of records will not be tolerated and will result in immediate disciplinary action up to and including termination.

McLane must also maintain all records pertaining to U.S. Government contract performance for **three years** following final payment under the respective contract.

1.5 GIFTS, GRATUITIES AND BRIBES

McLane Advanced Technologies employees are prohibited from offering or giving a gratuity to any officer, official or employee of any Government. "Gratuities" include entertainment as well as gifts.

Exceptions to this policy may be made on occasion if in compliance with relevant regulations of the United States Office of Government Ethics and with the approval by the President of McLane Advanced Technologies. Specifically, employees may offer to employees of the Executive Branch promotional items of \$20 or less, which could include a logoed coffee mug, pen, calendar or similar item. In no event shall the aggregate market value of individual gifts given to any one Executive Branch employee exceed \$50 in a calendar year. Gifts that are of intrinsic value of less than \$10 may be given to Senate and House of Representatives officials or employees.

Acceptance of a gift or gratuity by McLane Advanced Technologies employees is likewise prohibited. Employees shall politely and professionally avoid accepting meals and entertainment from customers.



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

In no event may McLane Advanced Technologies employees offer, give or receive bribes or illegal gratuities. A bribe or illegal gratuity is a thing of value given with the specific intent to influence an official act (or to preclude an act) or to obtain favorable treatment under a contract. In addition to facing disciplinary action taken by McLane Advanced Technologies, an individual who violates the bribery and illegal gratuities statutes is subject to fines and imprisonment.

The Foreign Corrupt Practices Act precludes the Company from giving or offering anything of value to a foreign public official to obtain or retain business or to secure any improper advantage. A “foreign official” may include representatives of state-owned entities, members of royal families, political parties or employees of public international organizations.

If you have any questions regarding gifts and gratuities for government or nongovernment employees, please contact the Director of Human Resources for clarification.

1.6 KICKBACKS

McLane Advanced Technologies employees are prohibited from providing, attempting to provide or offering any kickback or soliciting, accepting or attempting to accept any kickback.

“Kickback” means any money, fee, commission, credit, gift, gratuity, thing of value or compensation of any kind which 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 treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract.

The Anti-Kickback Act, 41 U.S.C. § 57, also places obligations on prime contractors and subcontractors to report, in writing, suspected violations of kickback laws either to the agency Inspector General, the head of the contracting agency or the Justice Department. McLane will comply with this reporting obligation upon the discovery that a violation of the Anti-Kickback Act has occurred.

1.7 POLITICAL CONTRIBUTIONS

McLane Advanced Technologies will not make any contribution to any political party or to any candidate for political office in support of such candidacy except as provided in this Policy and as permitted by law.



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

In the United States, federal law strictly controls corporate involvement in the federal political process. Generally, federal law provides that no corporation may contribute anything of value to any political party or candidate in connection with any federal election. While similar laws apply in some states and their political subdivisions, in many jurisdictions in the United States corporate contributions to candidates and political parties are lawful but subject to varying restrictions and contribution limits. The laws governing participation by corporations in the political process of countries other than the United States also vary widely and may be lawful depending on the particular country.

In compliance with this policy and in accordance with the requirements of the laws of the United States and many state laws, no corporate funds, properties or services shall be contributed or used directly or indirectly for the purpose of influencing the nomination or election of any candidate to federal public office. Before making any political contribution from Company funds to local, state or foreign political campaigns, employees must first consult with the Chief Executive Officer. Any contribution made from Company funds must be consistent with our policy against offering or making bribes, illegal gratuities or kickbacks.

This policy is not intended to prevent the communication of Company views to legislators, governmental agencies or to the general public with respect to existing or proposed legislation or governmental policies or practices affecting business operations. Moreover, under this policy, reasonable costs incurred by the Company to establish or administer political action committees or activities organized to solicit voluntary political contributions from individual employees are not regarded as contributions to political parties or candidates, where such costs may lawfully be incurred by the Company.

Employee Activity. McLane Advanced Technologies recognizes that individual voter responsibility on the part of our employees and agents may include personal financial contributions to the election campaigns of candidates of their choice. All such individual political activity, or other types of support for candidates of their choice, shall be undertaken at the employees' sole expense and the Company shall make no reimbursement in any form. No partisan political activities by employees shall be conducted on the premises or time (*e.g.*, work time) of the Company or under any circumstances, which could create the appearance that the Company sponsors such activity.

1.8 LOBBYING RESTRICTIONS

McLane Advanced Technologies will be in compliance with all laws and regulations concerning contacts with U.S. Government officials.



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

Depending on the amount of time employees spend on making “lobbying contacts” with Government officials, McLane Advanced Technologies may need to register with the appropriate government entities and complete periodic lobbying reports in accordance with the Lobbying Disclosure Act. A “lobbying contact” is any oral or written communication to a covered legislative or executive branch official with regard to the administration or execution of a federal program or policy, including the negotiation, award or administration of a federal contract. Questions concerning whether or not a contact qualifies as a lobbying contact should be directed to the McLane Ethics and Compliance Officer.

As a Federal Government contractor, McLane Advanced Technologies is also subject to restrictions on the sources of money that we may use to lobby Government officials. The Byrd Amendment, 31 U.S.C. § 1352, prohibits the awardee of a federal contract, grant, loan or cooperative agreement from using “appropriated funds”—any Government contract-derived funds *other than* profit—to attempt to influence any officer or employee of any federal agency of Congress in connection with a contract award or modification. However, appropriated funds may be used for “professional or technical services” performed: (1) directly in the preparation, submission or negotiation of a bid, proposal or application or (2) for “meeting requirements imposed by or pursuant to law or a condition for receiving that Federal contract.” McLane Advanced Technologies shall not use any appropriated funds to pay lobbyists, outside counsel, accountants or any other consultant that is inconsistent with the above.

For procurements of \$100,000 or more, McLane Advanced Technologies is also required to (1) file a disclosure and certification that identifies any registrant under the Lobbying Disclosure Act whom we have paid from our own funds to make lobbying contacts on our behalf with respect to that procurement; and (2) certify that we have not used and will not use appropriated funds to influence or attempt to influence, a member or employee of Congress or any officer or employee of an agency in connection with the awarding of any federal contract.

1.9 RECRUITING OR EMPLOYING FORMER GOVERNMENT PERSONNEL

McLane Advanced Technologies employees shall not engage in employment discussions with any Government employee who serves in an official role in a matter in which McLane Advanced Technologies has a financial interest.

Before the Company may begin employment discussions with any such Government employee, that Government employee must provide written evidence of compliance with all applicable regulations and obtained clearance from the appropriate ethics



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

advisor. Any attempt by a Government employee to discuss possible employment with McLane Advanced Technologies must be immediately reported to the Compliance and Ethics Officer.

Care must also be taken with respect to the scope of a former executive branch employee's activities after hiring. McLane Advanced Technologies employees who are former employees of the U.S. Government shall strictly abide by all Government restrictions on their contacts with the Government.

Recruiting and employing former Government personnel are actions controlled by the Ethics in Government Act, 18 U.S.C. §§ 207, 208, and the Procurement Integrity Act, 14 U.S.C. § 423.

First, under 18 U.S.C. § 208, if a Government employee participates "personally and substantially" in virtually any type of agency activity in which McLane Advanced Technologies has a "financial interest," the employee will be required to disqualify himself from such activities upon the commencement of employment discussions with McLane Advanced Technologies. While Section 208 does not provide direct liability for a contractor, agencies have wide discretion in administering sanctions against contractors. Moreover, a violation could jeopardize the current excellent relationship between McLane Advanced Technologies and the Government.

Second, under 18 U.S.C. § 207, former U.S. Government employees now working for McLane Advanced Technologies are subject to permanent and temporary restrictions in communicating with and appearing before Government agencies on behalf of McLane Advanced Technologies. Former officials are subject to the following restrictions on communicating with the Government:

- Lifetime ban from attempting to influence most agency matters in which they participated personally and substantially and which involve the same parties.
- Two-year ban from attempting to influence an agency decision on particular matters which the former official knows or reasonably should know was actually pending under his or her official responsibility within one year before leaving the Government.
- One-year ban from attempting to influence employees of their former agency or department. However, nothing in Section 207 would prohibit such employees from providing behind-the-scenes advice.

Third, the Procurement Integrity Act requires Government employees to disqualify themselves from certain procurements after engaging in employment discussions with a



**MCLANE ADVANCED
TECHNOLOGIES**

**Human Resources Policy & Procedures
Code of Conduct**

bidder or offeror. This disqualification requirement generally applies to officials involved in the acquisition of goods and services using competitive procedures.

Finally, the Procurement Integrity Act also bans former Government employees from being employed and receiving compensation from Government contractors for one year if the official:

- (1) served at the time of award as a Contracting Officer, Source Selection Authority, member of a source selection board or the chief of a financial or technical evaluation team in a procurement in excess of \$10 million;
- (2) served as a Program Manager, Deputy Program Manager or Administrative Contracting Officer for a contract in excess of \$10 million; or
- (3) “personally” made “a decision to award a contract, subcontract, modification of a contract or subcontract or a task or delivery order in excess of \$10,000,000” to a contractor. To participate “personally” means directly and includes the participation of a subordinate when actually directed by the former Government employee in the matter.

McLane must take into consideration each of the above laws and regulations in discussing potential employment with Government officials or upon the hiring of a former Government official. Violations of the Procurement Integrity Act by McLane or its employees, agents, representatives, consultants and lobbyists can result in civil and/or criminal fines and/or penalties, imprisonment and administrative actions such as the cancellation of a solicitation, rescission of a contract or initiation of suspension or debarment proceedings. Employees may also be subject to discipline by McLane Advanced Technologies, up to and including termination, for violations of the Procurement Integrity Act.

**1.10 CONTRACT NEGOTIATION AND CLAIMS MADE TO THE
GOVERNMENT**

In negotiating and performing U.S. Government contracts, and in making any claims under U.S. Government contracts, McLane Advanced Technologies must be accurate and complete in all our representations.

The submission to a U.S. Government customer of a proposal, quotation or other document or statement that is false, incomplete or misleading can result in civil and criminal liability for the Company, the involved employee and any supervisors who condoned such a practice. Moreover, in negotiated contracts covered by the Truth in Negotiations Act, the Company has an affirmative duty to disclose current, accurate and complete cost or pricing data.



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

Liability under the Criminal and Civil False Claims Acts poses a significant risk for U.S. Government contractors. The Criminal False Claims Act, 18 U.S.C. § 287, provides for criminal penalties for making or presenting a false claim for payment to the Government. Under the Civil False Claims Act, 31 U.S.C. § 3729, the Government may recover treble damages and impose other penalties for “knowingly” presenting a false claim to the Government. The term “knowingly” includes reckless conduct in deliberate ignorance of the truth, and no specific intent to defraud is required to find a violation of the Civil False Claims Act.

Additionally, the False Statements Act, 18 U.S.C. § 1001, prohibits the making of a false, fictitious or fraudulent statement or presenting a document knowing it to contain false, fictitious or fraudulent statement concerning a matter within the jurisdiction of any federal agency. False Statements Act liability can occur in many of the same contexts as False Claims Act liability. Awareness of the False Statements Act is particularly relevant in any context where representations are being made to Government personnel in their official capacities.

For purposes of these statutes, an invoice is considered a claim.

All claims made in connection with a U.S. Government contract are governed by the Contract Disputes Act, 41 U.S.C. §§ 601, et seq. For any claim made in excess of \$100,000, McLane Advanced Technologies must certify that the claim is made in good faith, that the supporting data are accurate and complete to the best of his knowledge and belief, that the amount requested accurately reflects the contract adjustment for which McLane Advanced Technologies believes the Government is liable, and that the certifier is duly authorized to certify the claim on behalf of McLane Advanced Technologies. False certification can lead to criminal and civil sanctions for both the Company and certified official.

1.11 ANTITRUST

McLane Advanced Technologies recognizes that antitrust laws are relevant to many business decisions. Any violation of the antitrust laws can have serious consequences for the Company and for the individual involved. Fines, damages and imprisonment for violations can be significant, as can the loss of reputation and business.

McLane Advanced Technologies will comply with the antitrust laws of the United States and other countries applicable to business operations and to hold employees in management positions personally and strictly accountable for taking the measures necessary to achieve this objective within their areas of responsibility.



**MCLANE ADVANCED
TECHNOLOGIES**

**Human Resources Policy & Procedures
Code of Conduct**

COMPLIANCE WITH SECTION 1 OF THE SHERMAN ACT

In furtherance of this Policy and specifically in furtherance of compliance with Section 1 of the Sherman Act:

- A. No employee shall enter into any understanding or agreement—whether expressed or implied, formal or informal, written or oral—with a competitor limiting or restricting any of the following aspects of the competitive strategy of either party or of the business offering of either party to any third party or parties:
- Prices
 - Costs
 - Profits
 - Product or service offerings
 - Terms or conditions of sale
 - Production or sales volume
 - Production facilities or capacity
 - Market share
 - Decisions to quote or not to quote
 - Customer or supplier classification or selection
 - Sales territories
 - Distribution methods.
- B. No employee shall enter into any understanding or agreement with a purchaser or lessee of a product sold or leased by the Company which restricts the right of the purchaser or lessee to determine the price at which to resell or lease such product; nor shall any employee enter into such an agreement when the Company is the purchaser or lessee of a product.
- C. The following understandings may violate the antitrust laws under certain circumstances and may be entered into by an employee of the Company only if the agreement has been reviewed by Company legal counsel in advance of execution and in the opinion of counsel is not in violation of law:



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

- (1) Understandings with any customer or supplier which condition the sales or purchases of the Company on reciprocal purchases or sales by the customer/supplier;
- (2) Understandings with any purchaser or lessee of a product of the Company which in any way restrict the discretion of the customer to use or resell the product as the customer sees fit;
- (3) understandings with anyone which restrict the discretion of either party to manufacture any product or provide any service, or to sell to, or buy from, any third party.

DISCUSSIONS AND EXCHANGE OF INFORMATION WITH COMPETITORS

Any communication with a competitor on subjects as to which an understanding with the competitor would be illegal can lead to antitrust litigation. Such communications, even if innocent, can serve as important evidence of the existence of an understanding, particularly if the communication is accompanied or followed by similarity of action. The prohibitions set forth below are thus intended to avoid antitrust prosecutions which, though based on merely circumstantial evidence, may nevertheless be difficult to defend successfully.

Accordingly, no employee shall discuss with a competitor or any third party acting for a competitor information on any subject as to which an understanding with the competitor is prohibited by paragraph A above, unless otherwise approved by Company legal counsel. This paragraph does not preclude obtaining competitive information from independent third-party sources who are not acting for a competitor in transmitting the information. However, certain other legal and policy restrictions applicable to transactions with the federal government limit the competitive information that may be obtained from a third-party source.

PARTICIPATION IN TRADE ASSOCIATIONS AND OTHER MEETINGS WITH COMPETITORS

A. No employee shall attend or remain present:

- (1) at any secret meeting of competitors,
- (2) at any meeting where there is a discussion by competitors of any subject which the Company's employee is precluded from discussing by the paragraph above on Discussions and Exchange of Information with Competitors; or



(3) at any informal meeting of competitor members of a trade association held for the purpose of discussing business matters without observing the formal procedural requirements established by such trade association for its business meetings.

B. Employees should also be aware that participation in standard development and product certification activities which impact competitors or suppliers may raise antitrust concerns. Before participating in committees or organizations which develop or certify products, employees should consult with Company legal counsel.

1.12 EXPORT CONTROL AND ANTI-BOYCOTT LAWS

McLane Advanced Technologies will comply with all applicable international legal requirements as well as with relevant U.S. national laws and regulations relating to controls on exports and other international commercial and financial transactions. Exportation includes the sharing of technical information with foreign nationals wherever they are located as well as the reshipment of goods or technology from one foreign country to another.

In the United States, the relevant controls are principally administered by the Department of Commerce, the Department of State and the Department of Treasury. These systems of controls, which are briefly described below, are subject to frequent modification and updating.

Penalties for non-compliance with the laws and regulations in the areas described may include substantial criminal and civil fines, forfeiture of goods, and restrictions on the ability to import and export. To ensure observance of these controls, employees are expected to know their customers and to consult appropriate persons if these controls appear applicable to exports or other transactions. Any questions in this area should be directed to the Chief Executive Officer.

Commercial and Dual Use Items. The Department of Commerce has jurisdiction over the exportation of articles and technology that have both commercial and potential military or proliferation applications. Under the Export Administration Regulations (EAR), Commerce regulates the exportation and re-exportation of software and technology, as well as retail software packages, encryption technology and technical information. These controls apply to all destination countries, and items may be controlled for various reasons, such as crime control, anti-terrorism purposes or national security.



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

Defense-Related Items and Services. The Department of State controls the exportation and re-exportation of defense articles (hardware and technical data) and defense services pursuant to the International Traffic in Arms Regulations (ITAR). The Department of State maintains the U.S. Munitions List and is responsible for designating countries as “state sponsors of terrorism,” a designation that can result in the application of controls beyond export restrictions, and may completely ban the exportation of any defense articles or defense services to certain countries.

Export Controls and Other Economic Sanctions. The Department of Treasury, through the Office of Foreign Assets Control, administers a broad variety of economic sanctions that may include export controls but also can extend to controls on other commercial and financial transactions. Some of the programs are country-based and apply broadly to most transactions with a country. Current examples as of February 2009 include Cuba, Iran, and parts of Sudan. Other sanctions are imposed against designated individuals or companies that may have been singled out for restrictions because of their connections to terrorism or drug dealing. Unlike the State and Commerce programs, the Treasury controls generally restrict the export of nearly all items, including low-tech consumer articles, to designated countries or persons.

Boycotts. The Department of Commerce administers restrictions that prohibit cooperation with foreign country boycotts that discriminate against U.S. firms or citizens on the basis of race, religion, sex or national origin. The restrictions also prohibit compliance with requests for information or action, such as refusing to do business, that further the boycott of a country friendly to the U.S. as a condition of the sale of goods or services to a boycotting country, in cases where the goods or services involved U.S. persons or material, or where the co-operation is directed by the U.S. parent. The principal international boycott currently relevant to these restrictions is the Arab boycott of Israel and the related blacklist of companies doing business with Israel.

Foreign Gifts, Gratuities, and Bribes. The Foreign Corrupt Practices Act, a U.S. law described at Policy 1.5 above, precludes the Company from giving or offering anything of value to a foreign public official to obtain or retain business or to secure any improper advantage. Some foreign countries have their own laws that prohibit persons from making these types of payments to their officials. All questions relating to gifts and gratuities for foreign government employees should be referred to Chief Executive Officer.

1.13 EQUAL OPPORTUNITY, DISCRIMINATION AND HARASSMENT

McLane Advanced Technologies is committed to the principles of equal opportunity and creating a working environment in which diversity is accepted and valued.



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

McLane Advanced Technologies realizes that success depends on the skills and strengths of every employee. Therefore, we will treat employees with fairness and respect. Moreover, McLane Advanced Technologies will respect employees' rights under all applicable laws that may prohibit discrimination and harassment on the basis of race, color, sex, national origin, sexual orientation, age, medical condition, physical or mental disability, family leave status or marital status. McLane Advanced Technologies will consider individuals for employment opportunities on the basis of merit, as measured against objective job requirements. In matters affecting promotion, training, hiring, compensation and termination, McLane Advanced Technologies will ensure that all employees will be afforded treatment that is lawful and consistent with our Human Resource Management System and processes.

McLane Advanced Technologies further supports the policy that sexual harassment is unacceptable conduct that will not be tolerated. The Company provides each employee with an atmosphere that is conducive to the professional performance of his or her duties.

1.14 REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

It is mandatory that McLane Advanced Technologies employees report violations of the Code of Conduct or applicable law. Any violation of this Code of Conduct is considered a very serious matter.

McLane Advanced Technologies employees are required to report violations committed by others, including McLane Advanced Technologies employees, sales representatives, distributors or subcontractors. Violations include breaches of this Code of Conduct, as well as violations of any applicable law or regulation. Reports of any suspected violations should be made promptly to the employee's manager, to the McLane Compliance and Ethics Officer or to the McLane Advanced Technologies Human Resources Department. McLane employees also may report violations anonymously via the McLane Advanced Technologies website or call **1-877-319-8250**, but the process of obtaining follow-up and clarifying information will be made much more effective if you identify yourself.

In reporting a violation, it is important to provide as much factual information as possible to allow for a thorough investigation of the matter, especially if you are making the report anonymously. If you are unable to determine if an act is in violation of the Code or law, you are strongly encouraged to report it and allow the appropriate authority to make the determination. All reports will be confidential.

It is strictly prohibited and in violation of this Code of Conduct to intimidate, retaliate or impose any form of retribution on an employee who, in good faith, has reported a



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures Code of Conduct

violation or suspected violation of this Code of Conduct or applicable law. Retaliation will be dealt with by immediate disciplinary action up to and including termination.

Every report involving a suspected violation will be carefully considered and promptly investigated. Any manager receiving a report as cited above will promptly consult with the McLane Advanced Technologies Compliance and Ethics Officer or the McLane Advanced Technologies Human Resources Department and thereafter will, after appropriate investigation, take timely remedial or other action as warranted under the provisions of this Code of Conduct.

Upon discovery of non-compliance or other violations, disclosure to the responsible Government agency may occur where appropriate or required. Moreover, upon the receipt of credible evidence of a False Claims Act violation or a federal criminal violation involving fraud, conflict of interest, bribery or a gratuity involving a U.S. Government contract, McLane Advanced Technologies will disclose the evidence to the appropriate agency Inspector General, with a copy to the Contracting Officer.

The Company shall fully cooperate with any reasonable demand made in a Government investigation of any reportable offense.

Waste, fraud or abuse in connection with a U.S. Government contract can also be reported to the DoD Hotline at 1-800-484-9098 or visit DoD's website at www.dodig.osd.mil/HOTLINE/index.html.

1.15 REPORTING OVERPAYMENTS BY U.S. GOVERNMENT

It is McLane's policy to notify appropriate U.S. Government authorities upon the discovery of any overpayment paid under a U.S. Government contract.

Any overpayment received by McLane under a U.S. Government contract must be immediately reported to the McLane Compliance and Ethics Officer and the Chief Executive Officer.



**MCLANE ADVANCED
TECHNOLOGIES**

Human Resources Policy & Procedures
Code of Conduct

1.16 EMPLOYEE ACKNOWLEDGMENT AND AGREEMENT FORM

Each employee must read the following McLane Advanced Technologies policies and be familiar with their requirements.

- 1.0 Introduction
- 1.1 Ethics and Compliance Program
- 1.2 Conflicts of Interest
- 1.3 Proprietary or Confidential Information
- 1.4 Record Keeping
- 1.5 Gifts, Gratuities and Bribes
- 1.6 Kickbacks
- 1.7 Political Contributions
- 1.8 Lobbying Restrictions
- 1.9 Recruiting or Employing Former Government Personnel
- 1.10 Contract Negotiation and Claims Made to the Government
- 1.11 Antitrust
- 1.12 Export Control and Anti-Boycott Laws
- 1.13 Equal Opportunity, Discrimination and Harassment
- 1.14 Reporting any Illegal or Unethical Behavior
- 1.15 Reporting Overpayments by U.S. Government
- 1.16 Employee Acknowledgment and Agreement Form

If you have a question on these policies, please immediately contact the McLane Compliance and Ethics Officer, Human Resources Department, the McLane President, or please call the McLane Compliance Hotline at **1-877-319-8250**. To report fraud, waste, abuse or mismanagement on U.S. Government contracts, please call the DoD Hotline at 1-800-424-9098 or visit DoD's website at www.dodig.osd.mil/HOTLINE/index.html.

My signature on this document acknowledges that I have read the McLane Advanced Technologies Code of Conduct, thoroughly understand it and agree to abide by it.

Employee's Name (printed)

Employee's Signature

Date



Human Resources Policy & Procedures
Code of Conduct