

## **CODE OF BUSINESS ETHICS AND CONDUCT: WHEN THE U.S. GOVERNMENT IS OUR CLIENT**

When the U.S. Government or a government entity is our client, special laws and rules apply that are considerably stricter than those applicable to commercial clients. Any Clayco employee or officer working on government contracts must know and abide by these laws and rules.

Clayco should only select subcontractors, temporary workers, agents and suppliers who act in a manner consistent with the standards contained in this Code. Failure to abide by these laws and rules may result in discipline, up to and including discharge.

Employees who work in both the government and commercial sectors must clearly understand the different rules, regulations and procedures that apply in each sector. Any employee with questions or concerns should contact their supervisor.

The topics that are covered in this section do not, by themselves, provide sufficient information and guidance to ensure consistent compliance. Therefore, all employees working on Federal contracts or subcontracts should familiarize themselves with those aspects of Federal procurement laws and regulations that pertain to the projects on which they are working.

### **Gifts, Entertainment and Business Courtesies**

U.S. federal and state government agencies have strict rules prohibiting giving gifts, meals and other favors to government employees. Items such as amusement, diversions, social activities, and any directly associated costs such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities are not allowed. This requirement is contained in the Federal Acquisition Regulations (FAR).

Violations of these rules can result in loss of the contract, loss of Clayco's ability to do other government work and criminal prosecution. Even if the government employee is willing to accept the gift, you must act consistently with the agency's rules.

### **Organizational Conflicts of Interest (OCI)**

Because Clayco performs work for U.S. Government entities, we are subject to rules related to organizational conflicts of interest (OCI). Basically, an organizational conflict of interest occurs when, because of a pre-existing business relationship or project, Clayco has a potential unfair competitive advantage or could be seen as not being impartial in obtaining or performing work for another entity related to government work.

It is important to note that an OCI occurs even when there is only the potential for one of the elements to occur. All employees working on government-funded projects are required to complete specific training focused on identifying Organizational Conflicts of Interest, how to avoid them, and what to do when they exist.

All OCI or potential OCI must be disclosed to the government. Questions or issues should be directed to your supervisor or the Legal Department.

## Accuracy of Information and Reports

Providing inaccurate or misleading information or reports to a government client is illegal. All reports given to the government must be complete and accurate. Carefully review all reports, information and invoices sent to government clients.

## Time Charging and Unallowable Costs

While different Federal contracts may prescribe special time charging practices, it is not permissible to charge a customer for hours not actually worked, or to charge time worked on one contract when the hours were worked on a different contract. These fundamental rules apply, regardless of direction to the contrary by a supervisor, and regardless of the type of contract. All time must be properly, accurately and precisely reported.

Generally, reasonable costs incurred in connection with reimbursable cost government contracts can be charged to the government as allowable costs. However, certain costs on government contracts are "unallowable" and cannot be charged, such as alcohol, political contributions and first-class travel costs (in most circumstances). Before allocating your time or an expense to a particular cost category, be sure the time or expense is properly and accurately categorized.

## Change Orders

When government representatives request work that is different from or in excess of that prescribed by the contract, it is critical to obtain the Government Contracting Officer's *written* direction before proceeding. While we must always strive to please our customers, failure to give proper and timely notification to the contracting officer when a contract change is encountered could jeopardize Clayco's ability to obtain compensation for changed contract work; it is imperative that Clayco employees working on Federal contracts understand what they must do, and when they must do it, if the government changes its contract requirements.

## Compliance and Ethics Hotline

If after you have raised a concern with the contacts suggested in this Code and/or are uncomfortable about using one of the other resources identified in the Code, or you wish to raise an issue anonymously, contact the Compliance and Ethics Hotline at:

- **Telephone:**
  - English speaking USA and Canada: (877) 472-2110 (not available from Mexico)
  - Spanish speaking North America: (800) 216-1288 (from Mexico user must dial 001-800-216-1288)
- **E-mail:** [reports@lighthouse-services.com](mailto:reports@lighthouse-services.com) (users to include your company name with their complaint)