

## **FAIRBANKS MORSE DEFENSE CODE OF BUSINESS CONDUCT**

All employees of Fairbanks Morse in the United States and worldwide (collectively the “Company”), are required to conduct business activities and operations in an ethical manner and in compliance with applicable laws, rules, regulations, Company policies, and the standards set forth in this Code of Business Conduct.

It is the responsibility of each supervisor to ensure that the employees under their supervision understand the laws and policies (including this Code) that apply to such employees, to apply such policies fairly and consistently, and to respond appropriately to any inquiries or reports of suspected violations. It is the responsibility of all employees to comply with this Code and all related policies.

A primary goal of the Company is to prevent the occurrence of unethical or unlawful behavior and to stop any such behavior that may occur as soon as reasonably possible after its discovery. Violations of this Code may result in serious consequences for the violator, up to and including termination of employment.

### **I. COMPLIANCE WITH LAWS**

The activities of the Company and each employee must be conducted in full compliance with all applicable local, state and federal laws, rules and regulations. It would be impossible to summarize here all the laws, rules and regulations with which the Company and its employees must comply; this Code refers to only a few of them.

It is important to note that as a contractor to the United States government there are additional laws and regulations that the Company must comply with including, but not limited to export/import regulations, Federal Acquisition Regulations, Defense Federal Acquisition Regulations and International Trade in Arms Regulations. The Company will make training materials and educational opportunities available to those employees who work on government contracts.

Any employee with questions about his or her obligations under applicable laws in the United States or any other country in which the Company conducts business should seek advice from his or her supervisor, the Legal Department or the Human Resources Department.

### **II. CONFLICTS OF INTEREST**

Employees of the Company must avoid any activity that may interfere, or have the appearance of interfering, with the performance of their responsibilities to the Company. Business decisions must be

based solely on the best interests of the Company, without regard to personal, family or other outside considerations.

Conflicts of interest can arise when an employee's position or responsibilities with the Company present an opportunity for gain apart from the normal rewards of employment. They can also arise when an employee's personal or family interests are, or may be viewed as being, inconsistent with those of the Company and give rise to conflicting loyalties. Such conflicting loyalties can cause an employee to give preference to personal interests, either internal or external, in situations where Company responsibilities must come first.

No employee may personally benefit from his or her employment with the Company except through compensation received directly from the Company. This prohibition does not apply to discounts offered by merchants that are generally available to all employees of the Company.

The following list does not cover every possible conflict of interest but is rather intended to provide guidance under the Code.

- ◆ No employee shall solicit or accept, either directly or indirectly, a payment, reward, fee, substantial gift or gratuity, or excessive entertainment, including meals, lodging or travel, from any present, past or prospective customer, competitor or supplier. It is impossible to set absolute standards for gifts that are "appropriate" rather than "inappropriate." If a gift is of nominal value and given without obvious intent to gain influence or advantage it would not be considered to be inappropriate. Likewise, gifts of a personal nature with a slight value, or entertainment that is clearly in the interest of the Company by virtue of the business contacts established, should be regarded as acceptable. Cash or its equivalent may never be accepted, in any amount or manner whatsoever.
- ◆ Ownership interests in competitors or concerns with which the Company does business (excluding, for a publicly traded company, investments not exceeding 5% of the value of the company's outstanding equity securities) must be approved in writing by the CEO prior to acquisition of such ownership interest.
- ◆ The Company encourages individual participation in civic activities, provided such activities do not conflict with the Company's interests.
- ◆ No employee may buy or sell assets from the Company either directly or in a fiduciary capacity unless the purchase or sale is disclosed to and approved by senior management of the Company with no interest in the assets.
- ◆ When contracting with consultants, independent contractors or other service providers, retaining friends or family members should be avoided.

The appearance of a conflict of interest can be as damaging to the Company as an actual conflict. Employees should always conduct themselves to avoid apparent conflicts. Any employee who believes he or she may have a conflict of interest should disclose it immediately to, and seek guidance from,

management not involved in the potential conflict, the Legal Department or the Human Resources Department.

### **III. CORPORATE OPPORTUNITIES**

No employee of the Company may take personal advantage or obtain personal gain from an opportunity learned of or discovered during the course and scope of his or her employment when that opportunity or discovery could be of benefit or interest to the Company. Likewise, no employee may use Company property, information or position for personal gain.

### **IV. OUTSIDE EMPLOYMENT**

The Company always expects each employee to be fully attentive to the interests of the Company. Accordingly, no employee may engage in any activity, including outside employment, that places his or her interest, or the interest of other persons or groups, ahead of the best interests of the Company. Outside employment or other interests that could detract from an employee's work performance must be approved in advance by the employee's supervisor. Under no circumstances may an employee compete against the Company or otherwise divert business to a competitor of the Company.

### **V. COMPANY RECORDS**

Company books and records must always be prepared accurately and maintained properly, in accordance with the Company's records management and accounting policies as well as all applicable laws and regulations.

No false, artificial or deceptive entries may be made in the Company's records for any reason. The simple rule of thumb is that the Company's books must accurately reflect the transactions they record. In addition, it is important to remember that Company records belong to the Company. Therefore, Company records should not be removed from Company property except for a legitimate business reason, and any documents so removed should be protected and maintained as confidential and returned to Company property as soon as practicable.

Accounting procedures and controls are prescribed by Company policies. Within these policies, the senior officers of the Company have the primary responsibility for establishing and monitoring adequate systems of internal accounting and controls, and all employees must adhere to these controls. The Company's auditors monitor and document compliance with these internal controls. Employees shall cooperate completely and forthrightly with the Company's internal and independent auditors.

No employee may engage in, allow or conceal any financial or bookkeeping irregularity.

## **VI. COMPANY FUNDS AND PROPERTY**

Company employees must protect the Company's assets and ensure their efficient use for legitimate business purposes. Each employee is personally accountable for Company funds and property over which he or she has control. Purchases of products and services from suppliers must be made solely based on quality, price, service and other relevant considerations. No Company funds or other property shall be used for any unlawful purpose, such as to secure special privileges or benefits through the payment of bribes or other illegal payments.

No employee may engage in any act that involves theft, fraud, embezzlement, misappropriation or wrongful conversion of any property, including Company property, regardless of whether or not such act could result in a criminal proceeding. This prohibition includes unauthorized use of the Company's communications equipment, computers and related facilities or other Company assets, including proprietary information and trade secrets.

While on Company business, employees must also adhere to the Company travel policy, including all policies and procedures relating to expense reporting and reimbursement.

Gifts, favors and entertainment may be given to others at Company expense only if they are consistent with law and accepted business practices and if they are of sufficiently limited value and in a form that could not reasonably be construed as a bribe or payoff. Gifts in the form of cash or its equivalent are prohibited. Likewise, secret commissions or other compensation to employees of customers or their family members or associates are prohibited.

Company employees working outside the United States must comply with all applicable tax and currency control laws of the principal country in which they work. No such employee residing abroad shall be paid any commission or any other part of his or her compensation elsewhere than in his or her country of residence if the Company has knowledge that such payment would violate any local income tax or exchange control laws. The same goes for any payments to third parties for goods and services; no such payments should be made to a third party in a country other than that in which the party resides, maintains a place of business or has rendered the services for which payment is made if the Company has knowledge that such a payment method would violate any local income tax or exchange laws.

## **VII. SAFETY AND HEALTH**

Workplace safety and health are critical concerns to the Company. Employees must adhere to applicable health and safety laws and regulations and all related Company policies designed to ensure safe working conditions, including the Company's substance abuse policies.

Senior management at each business location is responsible for ensuring adherence to policies and procedures to assure workplace safety in accordance with all applicable national, state and local laws, and for ensuring compliance with Company-wide policies regarding health and safety

Employees are responsible for working safely and are expected to participate actively in training and in identifying and alerting management to potential hazards and unsafe practices.

## **VIII. EQUAL OPPORTUNITY AND HARASSMENT-FREE EMPLOYMENT**

The Company is an equal opportunity employer. The Company's policy is to select and place employees on the basis of qualification for work to be performed, as required by applicable laws, without discrimination in terms of race, religion, national origin, color, sex, age, sexual orientation, status as a qualified individual with a disability or other status protected by law. The Company insists that all employees refrain from any act that is designed to cause or does cause unlawful employment discrimination with respect to any term or condition of employment.

The Company is also committed to the goal of providing a safe, secure, productive and healthy work environment free from harassment of any kind. The Company insists that all employees refrain from any act that is designed to cause or does cause harassment or intimidation, including sexual harassment. The Company will not tolerate any form of harassment or intimidation by any employee.

## **IX. ENVIRONMENTAL PROTECTION**

The Company is committed to full compliance with national, state and local environmental laws and regulations at all facilities in the United States and worldwide. The Company's environmental obligations include, but are not limited to, obtaining and maintaining all environmental permits and approvals required for the conduct of the Company's operations, the proper handling, storage and disposal of regulated materials and timely and accurate submission of required reports to the proper government agencies.

Employees are expected to understand and act in accordance with their obligations under environmental laws, including any new or modified obligations as they are established. Employees must report suspected violations of those laws to their supervisors. It shall be the obligation of all supervisors to investigate any reported violation and to ensure that timely and effective remedial action is taken where appropriate.

The Company will ensure compliance with this Code through vigilant self-monitoring and continual training, education, encouragement and, where necessary, discipline of employees at all levels. The Company will not tolerate the falsification of data or the reporting of false information regarding environmental compliance within the Company or to government agencies.

## **X. COMPETITION AND CONTACTS WITH COMPETITORS**

The concept of free and open competition underlies the antitrust laws in the United States and other countries where the Company conducts business. Compliance with such laws is mandatory. In the United States, the Sherman Act and its state law counterparts prohibit businesses from entering into agreements, express or implied, that unreasonably restrain trade.

Employees may not enter into discussions or agreements with competitors or suppliers that would in any way violate or be construed as a violation of such laws. For instance, there shall be no discussions with competitors regarding the pricing of products, terms and conditions of sale, credit terms, costs, product specifications, customer activities or similar items. Certain agreements are considered so inherently anticompetitive as to be criminal in nature (e.g., price fixing, bid rigging, customer or territorial allocation, group boycotts) and can result in the imposition of substantial monetary penalties and jail sentences.

Employees are encouraged to contact the Legal Department if they have any doubt about the legality of a proposed course of action. In addition, the Company will make antitrust training materials and educational opportunities available to those employees who may face antitrust issues from time to time.

If employees become aware of possible violations of any antitrust laws, they should report the suspected violations to the Legal Department immediately.

## **XI. FAIR DEALING**

Each employee of the Company is expected to deal fairly with the Company's customers, suppliers, competitors and other employees. It is a violation of Company policy to take unfair advantage of anyone through manipulation, concealment, abuse of confidential information, misrepresentation of material facts or any other unfair or deceptive practice.

## **XII. DEALING WITH GOVERNMENT OFFICIALS**

All dealings with government officials, including, but not limited to lobbying, political contributions to candidates, meetings with government agencies, communications with public officials and contracting with government agencies, shall be done in accordance with all applicable national, state and local laws and regulations in the United States and each country in which the Company conducts business.

No employee shall offer or promise a payment or reward of any kind, directly or indirectly, to any federal, state or local government official in order to secure preferential treatment for the Company or its employees.

No employee shall offer or promise a payment or reward of any kind, directly or indirectly, to a federal, state or local government official for or because of an official act performed or to be performed by that official.

No employee shall offer or promise any federal, state or local government official gifts, entertainment, gratuities, meals, lodging, travel or similar items that are designed to influence such official.

It is the policy of the Company to cooperate fully with all legal and reasonable government investigations. Accordingly, Company employees shall comply with any and all lawful requests from government investigators and, consistent with preserving the Company's legal rights, shall cooperate in lawful government inquiries. No employee shall make a false or misleading written or oral statement to a government official regarding any matter involving a government inquiry into Company matters.

Employees should contact the Legal Department when presented with any such government request or inquiry. Employees with questions about contacts with government officials should seek guidance from the Legal Department.

Individual employees are free to participate in political activities or make personal political contributions but may not use Company funds or resources. No employee may make a political contribution on behalf of the Company without permission from the Legal Department affirming the legality and propriety of such a contribution.

With respect to the Company's operations outside the United States, all employees must comply with the Foreign Corrupt Practices Act. That law generally prohibits the giving of money or other benefits or items of value to a foreign official or political party for the purpose of obtaining or retaining business or to otherwise induce the official to give or obtain favorable business treatment for the Company. The law does allow nominal payments to clerical-type personnel in certain circumstances. Any employee considering or asked to make such a payment should consult his or her supervisor and the Legal Department in advance. Such payments should be made only if absolutely necessary to obtain or expedite the required service, and any such payments should be accurately and completely recorded in the Company's books and records.

### **XIII. CONFIDENTIAL INFORMATION**

In the normal course of business, there will be instances where employees may be entrusted with confidential or privileged information. That information will often involve facts, plans or other aspects of the Company's business that are not in the public domain and will, on occasion, involve information that has been entrusted to the Company by customers, suppliers or others with whom the Company has a relationship.

All employees possessing confidential information regarding the Company or any of its customers or suppliers have a duty not to disclose such information outside the Company or to employees who do not have a need to know such information, except where disclosure is authorized or legally required. Employees possessing confidential information shall not use such information for personal gain.

All employees are expected to comply with the terms and conditions of any and all confidentiality, non-disclosure and patent agreements signed by them when accepting employment.

Questions regarding what is or is not confidential or privileged information should be directed to the employee's supervisor or the Legal Department.

#### **XIV. COMPLIANCE AND REPORTING**

Employees should report any suspected noncompliance with these policies to their supervisor, senior management, the Human Resources Department or the Legal Department. Suspected noncompliance may also be reported by calling the Company Compliance Hotline at 833-222-0092. The Company will promptly undertake an investigation into any report that it receives. The investigation will be sufficient in size and scope to address the report and will be handled discreetly and with due sensitivity to all persons involved in the investigation. If requested, and to the extent possible, the Company will keep the identity of the reporting employee and all disclosures made in accordance with this Code confidential. No employee will be subject to any disciplinary or retaliatory action for reasonably and in good faith reporting any suspected violation. Submission of knowingly false reports, however, constitutes a violation of this Code and will result in disciplinary action.

Failure to comply with this Code can have severe consequences for both the individuals involved and the Company. The Company will take appropriate disciplinary action for violations of this Code, including termination of employment. Disciplinary action may be taken:

- ◆ Against employees who authorize or participate directly and, in certain circumstances, indirectly in actions that are a violation of this Code or any related policies.
- ◆ Against employees who fail to report a violation of this Code or any related policy or who withhold any relevant information concerning a violation of which they become aware.
- ◆ Against the violator's supervisor, to the extent the circumstances of the violation reflect inadequate supervision or lack of diligence.
- ◆ Against any employee who attempts to retaliate, directly or indirectly, or encourages others to do so, against an employee who reports a violation or cooperates with an investigation of such violation.

If an employee believes that a supervisor to whom a suspected violation has been reported has not taken appropriate action, the employee should contact the Human Resources Department or the Legal Department.