

# Code of Business Ethics And Conduct - Government Contracts Policy

Addendum to Code of Ethics

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## **I. Management's Commitment**

The successful operation and reputation of Seaboard Marine and its related companies contracting with the United States Government or any agency thereof (the "Company") depend upon the principles of fairness and ethical conduct of its directors, officers and employees. The Company's reputation for integrity and excellence also requires compliance with all applicable laws and regulations, as well as a commitment to the highest standards of personal and professional conduct, especially those standards that apply to performance of the Company's U.S. federal government contracts.

Accordingly, the Company adopts this Government Contracts Code of Business Ethics and Conduct ("Code") focused upon compliance with the requirements of U.S. federal government procurement law to require its directors, officers, managers, employee, subcontractors, agents, and vendors to comply with the provisions outlined below. Every employee is expected to not only obey the law and adhere to the ethical standards and policies in this Code, but also to promote a culture of compliance with the law and the terms of our government contracts and sound business ethics.

The guidance, standards and policies in this Code are set forth to assist you in guiding your conduct to protect and enhance the reputation and legal compliance of the Company. These standards and policies are drafted broadly to provide an overview and do not address every potential issue or concern that may arise. If you have any questions regarding proper ethical behavior or witness any unethical behavior, promptly contact your supervisor, the General Counsel, the Legal Department, or the Director of Human Resources Department.

## **II. Culture of Compliance with Applicable Laws, Rules and Regulations**

The Company has an uncompromising commitment to conduct business in accordance with the highest legal and ethical standards and to promote a culture of legal compliance and business ethics. Each Company manager is expected to lead by example and provide a model for appropriate behavior to all employees. Managers are expected to develop a clear understanding of the Company's business ethics policies, standards, this Code, and requirements of the Company's government contracts that are applicable to their duties. Managers should encourage employees to freely raise any questions and issues regarding compliance with legal requirements, this Code and business ethics.

Legal compliance and business ethics are not the job of managers alone. Each director, officer and employee of the Company is expected at all times to exercise high standards of conduct in their contact with other employees and with the Company's customers, the government, and suppliers. Directors, officers and employees of the Company, to the extent applicable to their job function, shall comply with all applicable federal, state and local statutes, regulations and administrative procedures in the course of all conduct on behalf of the Company. Violations of the content or spirit of these provisions are unacceptable and may lead to disciplinary action up to and including termination of employment or separation of ongoing business relationship with the Company.

### **III. Compliance with Government Contracts and Procurement Law**

Interactions with government agencies and representatives are subject to a variety of laws and regulations. If you deal with the government or work on a government contract, you have a responsibility to be aware of such laws and regulations and to seek assistance and guidance when needed. The following sections of this Code discuss the Company's key ethics policies that apply to obtaining, administering and performing federal government contracts.

- A. Understand the Contract and Comply with Its Terms and Ethics Requirements** — Employees must understand the requirements of their positions and develop an understanding of the government contract terms and the laws, regulations, and business ethics standards that relate to their positions. Moreover, every employee must always conduct himself or herself in strict compliance with all applicable laws, rules, regulations, contract terms and the Company's ethical standards and policies. In particular, managers working on a federal government contract are expected to know the important parameters of the Company's federal government contracts and to communicate these parameters and requirements to members of their staff as appropriate to their employment responsibilities. Employees responsible for invoicing or billing the government or prime contractors on a government contract must exercise close attention to detail to ensure invoices, payment requests, cost and pricing data, and bills are accurate, complete and in accord with the terms of the relevant contract.
  
- B. Illegal Gratuities** — The Company's success in the market place is based upon being responsive and providing high quality services to our customers, including government customers, at competitive prices. It is against Company policy, federal law, and often state laws, to seek an improper advantage by offering bribes, illegal gratuities, kickbacks or gifts to government employees or government contractors. If you have any doubts about the propriety of a gift to a government employee, then you should not provide the gift.

There are numerous federal statutes and rules restricting the giving of gifts to federal government employees by employees, consultants, or agents of a government contractor. These rules must be strictly complied with. In general, a federal government employee who works for, or is associated with a government agency that the Company has, or would like to have a business relationship with in the future, or which may have any authority over the Company's work, directly or indirectly, cannot accept any gratuity from any Company employee, except in very limited circumstances.

A gratuity is anything with a cash value. — This includes meals, favors, gifts, tickets to sports or entertainment events, travel, golf outings, discounted fees for any activity, and other items. There are some very limited exceptions to this rule. However, no Company employee should offer a gratuity to a government employee unless the Company determines that it clearly falls within an exception based upon consultation with the Legal Department. If a government employee requests a gratuity not covered by an exception, respectfully decline, explaining that Company policy requires you to obtain advance authorization from management for the giving of gratuities, and report the matter to the Legal Department.

In general, Company employees are only permitted by law to give items of very little value (*i.e.*, currently such gifts with a value of less than \$20 per occasion are permitted provided they do not exceed \$50 per year) such as coffee or soft drinks, to employees of the U.S. federal government. Consult with your manager and the Legal Department before providing any item that could be construed as an illegal gratuity.

- C. Truthful and Accurate Communications and Invoices** — The Company intends to outperform its competitors honestly through excellence in performance, and never through unethical or illegal business practices. In submitting quotes, claims, cost and pricing data, bids or proposals to the federal government or negotiating with the federal government, all information provided by the Company must be truthful, accurate, and complete. In addition, all communications with the federal government relating to a government contract including, but not limited to, any invoices, reports, certifications, cost or pricing data, claims, and other written correspondence and oral communications with the government must be truthful, accurate and complete and in compliance with the terms of the relevant contract. In particular, any written certification to the federal government must be reviewed by the designated manager or the Legal Department office prior to submission to the government or a prime contractor. The submission of false, incomplete or misleading information to the federal government can result in civil or criminal sanctions against the Company and the individual employee.

In order to ensure accurate invoicing for services and products provided pursuant to government contracts, such invoices must be subjected to a process of pre-submission review implemented by business unit managers and accounting, and subject to scheduled audit review by accounting personnel.

- D. Bribery** — Federal law prohibits the “corrupt” offering of something of value to a federal government employee in exchange for influence over the employee’s official conduct. Specifically, the law prohibits the “corrupt” giving, or offering, or promising of anything of value to a government employee (i) to influence any official act, (ii) to influence the public employee to participate in any fraud, or (iii) to induce the public employee to do, or refrain from doing any act in violation of the public employee’s duty. The mere offering of a bribe violates the law; the official need not accept the bribe. Anything of value is defined broadly including a golf outing, entertainment, travel and other items. A person can violate bribery laws by having an intermediary such as a consultant or friend offer the bribe. If you have questions regarding payments or gifts to government officials, you should consult the Legal Department for guidance.
- E. Combating Trafficking in Persons** — The U.S. government has adopted a zero tolerance policy regarding trafficking in persons. Government contractors and contractor employees shall not: (1) engage in severe forms of trafficking in persons during the period of performance of the contract; (2) procure commercial sex acts during the period of performance of the contract; or (3) use forced labor in the performance of the contract. Employees should immediately report violations of these restrictions to their manager, the Director of the Human Resources Department or the General Counsel. “Sex trafficking” means the recruitment, harboring, transportation, provision, or obtaining of a person for the purpose of a commercial sex act. The Company will take disciplinary action against any employee or subcontractor that violates these restrictions including, but not limited to, removal from the contract or termination of employment or an applicable subcontract.
- F. Kickbacks from Subcontractors and Vendors** — It is the Company’s policy to select vendors, suppliers, and subcontractors that provide goods and services that are the best value to the Company based on price, quality and other factors. It is against Company policy to permit your business judgment in selecting vendors, suppliers, and subcontractors to be obscured or biased by the receipt of gifts or kickbacks.

Moreover, federal law prohibits government contractors and subcontractors from soliciting or accepting any kickbacks from their subcontractors. A kickback is defined as 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, subcontractor or their employees for the purpose of improperly obtaining or rewarding favorable treatment in connection with a federal government contract. The Company requires its employees to promptly report a violation of the federal kickback laws or other Company policy.

- G. Compliance with the Drug Free Workplace Act** — Some of the Company’s federal government contracts require or have required the Company to maintain a drug free workplace. The use of illegal drugs impairs judgment and may endanger Company employees and others. Thus, the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in our workplaces. In addition, the Company’s drug free workplace policy extends to employee activities not only at Company sites but also to off-site activities at a customer, contractor, consultant or government facility, in a company vehicle, and during any business related meetings or Company social events.

While performing your job functions, on Company or customer facilities, or in a company vehicle you may not abuse alcohol or use, sell, possess illegal drugs, controlled substances, or misuse prescription drugs. If you come to work under the influence of illegal drugs you will be disciplined and your employment with the Company may be terminated. In addition, you are required to notify the Company in writing of any convictions under a criminal drug statute for a violation occurring in the workplace no later than (five) 5 days after the conviction.

- H. Procurement Integrity** — The Company is committed to complying with the federal government’s laws and rules regarding procurement integrity and fair competition in bidding for a government contract. The federal Procurement Integrity Act (“PIA”) prohibits any person including, but not limited to a bidder on the contract, from knowingly obtaining contractor bid or proposal information or source selection information before the award of a federal agency procurement contract to which the information relates. In addition, the PIA prohibits a government official from knowingly disclosing contractor bid and proposal information or source selection information before the award of a federal procurement contract to which information relates.

“Contractor bid and proposal information” is defined broadly as information submitted to a federal agency in connection with a bid or proposal to enter into a federal procurement, if that information has not been previously made public including:

- Cost or pricing data;
- Indirect costs and direct labor rates;

- Proprietary information about manufacturing processes, operations, or techniques marked by the contractor; or
- Information marked by the contractor as contractor bid and proposal information, in accordance with law.

“Source selection information” means information prepared for use by a federal agency for the purposes of evaluating a bid or proposal to enter into a federal agency procurement, if that information has not previously been made public including:

- Bid prices submitted in response to a federal solicitation;
- Proposed costs or prices submitted in response to a federal solicitation;
- Federal agency source selection plans, technical evaluation plans, or reports and evaluations of source selection panels;
- Cost or price evaluations of proposals, rankings of proposals or contractors; and
- Any other information marked as “source selection information” by the agency.

Violation of these restrictions can result in criminal sanctions or civil penalties and is a cause for termination of employment with the Company.

Accordingly, it is against the Company’s policy to ask government employees to disclose proprietary information regarding our competitors or source selection information regarding a pending or ongoing government procurement. In addition, Company employees are prohibited from offering anything of value to anyone who is involved in evaluating bid or proposals relating to a federal procurement. Should you become aware that such information has improperly been obtained, immediately contact your manager, the Directory Human Resources Department or the Legal Department. If you suspect such prohibited information was obtained, do not use the information or circulate the information to others other than members of the Legal Department for their review and analysis pursuant to an investigation.

- I. Retention of Records** — Records should be retained or destroyed in accordance with the requirements of the company’s government contracts, and the Company’s policies. In the event of litigation or a government investigation, the Legal Department must be consulted regarding destruction of any records. Certain records relating to costs incurred under the Company’s government contracts must be retained for government audit for an extended period of time, such as a minimum of three years after final payment, under the applicable government contract. The Company is required to maintain certain records to support a post-award audit of its government contracts. You should consult with your supervisor regarding

record retention policies before destroying records relating to a government contract. Never destroy records that are the subjects of an investigation. Employees must review and follow the Company's record retention policy.

- J. Conflicts of Interest** — The federal government imposes conflict of interest rules on federal contractors that are designed to, among other items: (i) prevent the existence of conflicting roles that might bias a contractor's judgment or impair their objectivity in the performance of a government contract; and (ii) prevent a contractor from obtaining an unfair competitive advantage on future contracts because of potential access to source selection information (defined above) and proprietary information of other contractors under a current contract that is not available to the public. The Company seeks to avoid the appearance of impropriety and a conflict of interest. If you believe that an actual or potential conflict of interest may arise during the performance of a government contract or while bidding on a government contract, you must follow Company policy requiring disclosure of potential conflicts of interest. Company policies on personal conflicts of interest are addressed in the Seaboard Marine Company Policies and Procedures Handbook.
- K. Prohibition on Certain Contingent Fees** — The federal government has a policy against the payment of contingent fees in connection with the award of a government contract except for contingent fees paid to a bona fide employee or agency. A contingent fee is any commission or other payment that is contingent upon the success a person has in obtaining a government contract. The requirements in this area are complex. Therefore, the Company requires that all agreements that provide for contingent fees relating to a government contract or that involve representation of the Company before government agencies, must be reviewed by the Legal Department.
- L. Protection of Assets** — Protection of Company and Customer Assets — Proper use and accountability for Company assets and those of its customers, especially federal government customers, is critical to our financial performance and the Company's success. Every employee must maintain these assets with care and must not take actions affecting them, such as moving them, without proper authorization. Employees must protect the Company's property including financial assets, information, equipment, tools, electronic files, and trademarks and use them for the company's benefit. Personal use of company assets is not authorized except on an occasional, non-interference basis which does not interfere with job performance or otherwise compromise the Company's interests. In particular, misappropriation, misuse or theft of federal government assets in the Company's possession could result in criminal or civil sanctions.

**M. Hiring Former Federal government Employees** — Federal law imposes many restrictions on the hiring of former federal government employees and providing offers of employment to federal government employees. These post-employment restrictions (often called “revolving door” restrictions) are designed to preclude federal government officials from switching sides on matters that formerly fell within their purview as a federal official. These laws are both complex and change regularly. For example, federal rules restrict the ability of a former government employee to represent a private contractor in connection with particular matters for anywhere from one-year to a lifetime period depending on the former federal employee’s position and level of involvement in the matter.

Accordingly, it is the Company’s policy that only members of the Human Resources Department or managers with the appropriate training and experience may contact and engage in employment discussions with current or former federal government employees.

#### **IV. Reporting Violations and No Retaliation**

If anyone has knowledge of or is suspicious of any breach of any section of this Code or is concerned whether circumstances could lead to a violation of this Code, such person should report the matter to one or more of the following: the person's immediate supervisor, the Company's Director of Human Resources or the Company's General Counsel. Alternatively, employees can report matters (anonymously or by identifying themselves), by calling the Company's dedicated toll free number, 866-676-8886.

The Company will not allow any retaliation against an employee who acts in good faith in reporting any such violation or suspected violation or assists the Company in resolving ethics or legal compliance issues. You may elect to remain anonymous when reporting a concern. If you request anonymity, you should do so when making your initial report. The Company will keep these reports confidential and anonymous to the extent practicable. However, in some circumstances federal law requires the Company to disclose to the government certain violations or potential violations of law and even where not required this may be a sound business practice. We will investigate these reports and if appropriate take corrective action to resolve any compliance issues, which may include taking disciplinary action or making disclosures to the government. The Company has a policy of cooperating with government investigations.

## **Government Contracts Code of Business Ethics and Conduct Policy Acknowledgement**

By checking the acknowledgement box on the following screen, I certify that I have received, read, fully understand, and agree to abide by the Government Contracts Code of Business Ethics and Conduct Policy. I understand that any questions about the Policy should be directed to the applicable Division General Counsel or Seaboard Corporation General Counsel.

*Please close this screen to continue.*