

## Code of Business Ethics and Conduct

(Doing the Right Thing)

### Introduction, Purpose and Reporting Mechanism

To: All Employees

We've been assigned the task of describing the moral principles that have guided us and become deeply ingrained into our workplace practices over the last several decades. The federal government wants to be able to see that we have a business ethics and conduct awareness program, educate ourselves about it, monitor our behavior and enforce our program.

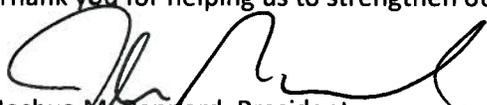
This project is a pretty easy one for us. Our company has thrived with the concepts of honesty, integrity, fairness, accountability, respect, reliability and quality influencing the decisions we all make every day. The program that we've documented in the following pages is something that we believe every one of us has been striving to achieve since the beginning. That is one of the reasons we like to work here.

Each of us is responsible for maintaining the ethical standards that we've set for our company. If an ethical dilemma arises, we need to speak up and get it resolved. You might hear something like "It's ok, everybody does it" or "Nobody will ever know" and start feeling uncomfortable. These are signs that something is not quite right and should be checked out. If you don't feel good about it, you start asking yourself questions like "What are the possible consequences?", "Is this legal?" or "How would I feel if my family, friends and neighbors knew what I was doing?".

If you observe what you suspect to be unethical or illegal behavior, talk to your supervisor or to any of us, the officers of the corporation, so the best course of action can be taken. We are available at the 6591 A Street offices for a meeting or to receive an anonymous note. We can be reached by phone at (907) 562-2336. The President's ([josh@davisconstructors.com](mailto:josh@davisconstructors.com)) and Secretary/Treasurer's ([sheilah@davisconstructors.com](mailto:sheilah@davisconstructors.com)) e-mail addresses may also be used for contact. This phone number and the e-mail addresses are herein designated as the company's Ethics Hotline.

There will be no harassment, retaliation or any adverse employment consequences to anybody who, in good faith, raises concerns or reports a violation of our Code of Business Ethics and Conduct.

Thank you for helping us to strengthen our standards by doing the right thing.

  
Joshua M. Pepperd, President

  
Carl A. Swanson, Vice President

  
Sheila Hill, Secretary/Treasurer

## **Condition of Employment**

It is a condition of employment for all employees to read, understand and comply with the Code of Business Ethics and Conduct (the Code) found in this document. Violations of law, the Code, and other Davis Constructors and Engineers, Inc. (Davis Constructors) policies and procedures can lead to disciplinary action up to and including termination. Such violations may also result in criminal penalties and civil liabilities for the offending employee and Davis Constructors. All employees are expected to cooperate in internal investigations of misconduct.

## **Code of Business Ethics and Conduct Overview**

The following paragraph describes the heart and soul of the Code:

Each employee is to act in accordance with the highest standards of personal and professional conduct in all aspects of their employment and association with Davis Constructors. Every employee is to comply with both the letter and the spirit of all state, federal and local applicable laws, rules and regulations and to adhere to the policies and procedures adopted by Davis Constructors.

The rest of this document is intended to outline some of the specific aspects of business conduct that help us to honor the Code. It's not practical to list all business conduct that upholds the Code, but these are some areas that warrant emphasis.

## **Equal Employment and Nondiscrimination**

Davis Constructors' continued success is dependent upon employing the most qualified people and establishing a work environment that is free of discrimination, harassment, intimidation or coercion related to race, color, religion, sex, age, national origin, disability or sexual orientation. This policy extends to all phases of employment, including hiring, placement, promotion, transfer, compensation, benefits, training and the use of facilities. Davis Constructors is committed to complying with all applicable laws related to equal employment opportunities and to ensure that there is no unlawful discrimination by any employee. Davis Constructors is dedicated to provide a work environment in which everyone is treated with respect, trust, honesty, fairness and dignity.

## **Safe and Healthy Work Environment**

Davis Constructors is committed to providing a safe and healthy work environment. All employees are responsible for complying with environmental, health and safety laws and regulations, as well as complying with all of Davis Constructors' safety-related policies, environmental plans and drug and alcohol policy.

## **Conflicts of Interest**

Employees should avoid any action that is, or can be perceived as, a conflict of interest. Conflicts of interest occur when an employee uses Davis Constructors' equipment, capabilities or relationships to benefit their own interests in preference to the company's best interest. In avoidance of such conflicts of interest, employees shall disclose to an officer of the corporation any material transaction or relationship that could be reasonably expected to give rise to such a conflict.

## **Gifts**

Business entertainment and gifts exchanged in a business setting are intended to strengthen working relationships and generate good will. They may not be used to gain an unfair competitive advantage and we need to avoid the perception that favors were granted in order to influence business judgment.

No employee, including the employee's spouse, domestic partner or children shall solicit gifts of any value. In plain language, that basically means we must never ask for a gift. Gifts of cash from suppliers or others who do business, or have expressed an interest in doing business with the company, are absolutely prohibited.

Occasional gifts of goods, services or consumables customarily offered by business affiliates in our industry and region may be accepted or given if:

- They will promote successful business relations;
- They are not lavish or extravagant under the circumstances;
- They don't violate any applicable law or regulation;
- The gifts are not frequent and don't reflect a pattern of gifts to or from the same entities or persons;
- You would feel comfortable discussing the gifts with your coworkers or supervisor or having the public know about them; and
- The gifts have a market value of \$100 or less or have been specifically authorized by the President.

## **Antitrust Laws and Fair Competition**

Antitrust laws are designed to encourage healthy competition among businesses by defining unacceptable conduct and activities. Other wrongful business practices, such as bid rigging, are equally unacceptable and prohibited under various federal and state statutes and regulations. Employees must obey federal and state antitrust laws and must also avoid circumstances that are likely to create any suspicion of violations by avoiding actions or words which could be misinterpreted even though the intent may be proper.

If you are involved in proposals, bid preparations, or contract negotiations, you must be certain that all statements, communications and representations to prospective customers and suppliers are accurate and truthful. Once awarded, all contracts must be performed in compliance with specifications, requirements and clauses.

You must refuse any offers to provide Davis Constructors with any unauthorized contractor bid and proposal information or source selection information and immediately report the offer to a corporate officer. You may not use, obtain, accept or receive any information to which Davis Constructors is not clearly and legitimately entitled.

At all times, employees shall avoid engaging in or discussing any of the below activities with competitors, suppliers or customers, and must report any instances in which such activities are proposed or discussed to a corporate officer:

- Price fixing;
- Bid rigging;

- Boycotting suppliers or customers;
- Pricing intended to run a competitor out of business;
- Disparaging, misrepresenting or harassing a competitor;
- Bribery, kickbacks or stealing trade secrets;
- Entering into agreements or understandings with competitors to divide the market in which they compete by allocating territories or markets, and/or limiting the production or sale of products or product lines;
- Conditioning the sale of one product/service on the sale of another unwanted product/service; and/or
- Conditioning the sale or purchase of products/services on the requirement that the seller or purchaser does business with Davis Constructors and/or does not do business with Davis Constructors' competitors.

### **Confidentiality**

Employees must maintain the confidentiality of confidential information entrusted to them, except when disclosure is authorized by an officer of the corporation or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors or harmful to Davis Constructors or its customers if disclosed. It also includes information that suppliers and customers have entrusted to Davis Constructors. The obligation to preserve confidential information continues even after employment ends.

### **Records**

Davis Constructors requires honest and accurate recording and reporting of information in order to make responsible business decisions. The true nature of transactions should always be fully disclosed, adequately supported and documented to permit review and audit by internal or external sources. This requirement includes but is not limited to timesheet reporting and cost coding. Knowingly mischarging time worked or falsifying time keeping violates company policy and the law. No employee shall knowingly charge an incorrect account or cost code or knowingly approve such mischarging. Shifting costs to improper accounts is also prohibited.

Davis Constructors' books and accounts shall be maintained in accordance with Generally Accepted Accounting Principles and in compliance with all applicable laws and regulations. Davis Constructors' financial statements shall be audited by an independent certified public accountant annually.

Falsification or altering records, or knowingly approving false records, is prohibited. The False Claims Act makes any person liable to the US Government for a civil penalty of not less than \$5,000 and not more than \$10,000, plus three times the amount of damages which the Government suffers if that person

- a. knowingly presents, or causes to be presented, to the government a false or fraudulent claim for payment or approval;
- b. knowingly makes, uses or causes to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by the government; or
- c. conspires to defraud the government by getting a false or fraudulent claim allowed or paid.

The Chief Financial Officer (CFO) shall require any individual certifying progress payments, invoices, prevailing wages and similar certificates to be adequately trained to perform those duties in compliance

with all applicable laws and regulations. The CFO shall review pay applications at regular intervals, at least once each quarter, for compliance with contract terms and conditions, applicable laws and regulations and accuracy.

Records should always be retained or destroyed according to Davis Constructors' record retention policies.

### **Prevention, Leadership and Responsibility**

Employees with questions regarding application of this Code should contact any officer of the corporation for guidance before taking action that may be in violation.

Davis Constructors' officers may be contacted anonymously at 6591 A Street, Suite 300, Anchorage, Alaska 99518 or at (907) 562-2336. The President's (josh@davisconstructors.com) and Secretary/Treasurer's (sheilah@davisconstructors.com) e-mail addresses may also be used for contact. This phone number and the e-mail addresses are herein designated as the company's Ethics Hotline.

Davis Constructors will make reasonable efforts to screen its employees, agents and subcontractors to ensure that such persons are not likely to engage in conduct that conflicts with the Code. We must ensure that Davis Constructors' subcontractors performing work in excess of \$5,000,000 on federal contracts have an ethics policy in place.

Self-monitoring is the key to compliance with the Code. All employees must report all known and suspected unethical or illegal conduct. Reports must be made to either the employee's direct supervisor or to an officer of the corporation, whose phone number and e-mail serve as the Ethics Hotline. Any retaliation against any employee who in good faith reports a violation or suspected violation of this policy is strictly forbidden and is itself a violation of this policy.

Failure to report known wrongful activity is itself a violation of this policy and may result in disciplinary action up to and including termination of employment.

If a government agency investigates or audits our projects, all employees must cooperate with that investigation.

### **Awareness and Training**

All current and future employees shall be provided a copy of this Code of Business Ethics and Conduct and shall be required to acknowledge that they have received, read, understand and agree to adhere to the policies included therein. Training will be provided when the policy is introduced and annually thereafter. Training will be provided any time material changes are made to the policies. Additional in-depth periodic training shall be made available to Company management.

### **Annual Review**

Davis Constructors' Board of Directors shall annually review and possibly revise the Business Ethics and Conduct Awareness Program to ensure that it is relevant, effective and current.

I have read Davis Constructors' Code of Business Ethics and Conduct (the Code) and certify that I understand the Code.

I understand my responsibility to ask questions, seek guidance and report suspected violations of the Code.

I understand that Davis Constructors' corporate officers may be contacted anonymously at 6591 A Street, Suite 300, Anchorage, Alaska 99518 or at (907) 562-2336. The President's (josh@davisconstructors.com) and Secretary/Treasurer's (sheilah@davisconstructors.com) e-mail addresses may also be used for contact. This phone number and the e-mail addresses have been designated as the company's Ethics Hotline.

I understand that failure to report known wrongful activity is itself a violation of this policy and may result in disciplinary action up to and including termination of employment.

I understand that any retaliation against any employee who in good faith reports a violation or suspected violation of this policy is strictly forbidden and is itself a violation of this policy.

To the best of my knowledge, I am in compliance with the Code and I will continue to comply fully with both the letter and the spirit of the Code.

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Employee Signature

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Print Name

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Job Location

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Date

*(Please return this page to payroll after completing)*