


# CUI Code of Business Ethics and Standards of Conduct

Message from Peter Cannon, CEO

**CUI**



CUI's greatest strength resides in the **ability, energy, expertise, and integrity** of its employees and directors.

**COMPUTERS UNIVERSAL, INC.**



# Hiring Government Employees



- A number of complex laws govern the hiring of U.S. Government employees.

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# Sensitive Business Information

- In addition to our legal duty to safeguard classified material, **you must safeguard the Company's sensitive business information.**



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# Introduction

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It is the policy of our company to comply with all laws governing our operations and to conduct our affairs in a manner consistent with the highest moral, legal, and ethical standards.

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## Introduction

- It is the goal of the company to create and maintain a culture that encourages every employee to conduct all job-related activities, and all daily activities whatsoever that are engaged in on company premises, in a manner that reflects this standard of conduct.

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## Introduction

- Compliance with the law requires not only following the law, but conducting our business so that we will deserve and receive recognition as good and law-abiding citizens, alert to our responsibilities in all areas of good citizenship.

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## Introduction

- There is both a management and an individual obligation to fulfill the intent of this policy. Any clear infraction of applicable laws or of the company's standard of conduct will result in an employee being subjected to disciplinary action.

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# Introduction

- The following sections contain a number of specific directives regarding the company's Code of Business Ethics and Standards of Conduct. We urge you to review these on a regular basis so that you may incorporate them into your daily practices.
- If you require guidance on particular circumstances that may arise, contact the company Ethics and Compliance Manager for assistance.

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# Product and Service Quality and Safety

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# Product and Service Quality and Safety

- Our company is committed to **producing quality products and delivering quality services** that meet all contractual obligations and our own quality standards. The products and services we deliver must:
  - Be made from the quality of materials ordered.
  - Be properly tested in accordance with the contract requirements and in compliance with CUI's own procedures.
  - Meet or exceed the industry standard.
  - Meet contract specifications.
  - Be safe for their normally intended uses, and be accompanied by proper instructions.
  - Meet all applicable laws and regulations and comply with industry standards.

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# Competing Fairly

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# Competing Fairly

- **Bidding Practices**

- The antitrust laws are designed to ensure competition and preserve the free enterprise system. They apply to all domestic and some foreign transactions by United States businesses. Some of the most common antitrust issues with which an employee may be confronted are in the areas of pricing, boycotts, and trade association activity.

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# Competing Fairly

- Bidding Practices (cont.)
  - The following actions constitute violations of law and must not be engaged in under any circumstances:
    - An agreement with one or more competitors to fix prices at any level or to collude to fix other terms and conditions of sale; to allocate customers or markets; to fix levels of production or production quotas; or to boycott a supplier or customer.
    - Any form of bid rigging.
    - An agreement with a customer to fix a resale price.

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# Competing Fairly

- **Bidding Practices (cont.)**
  - Because the antitrust laws are complex, employees are instructed to take special care in this area. This Code of Business Ethics and Standards of Conduct is not a substitute for legal advice. Any questions on the interpretation of the antitrust laws should be referred promptly to the company Ethics and Compliance Manager.

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# Competing Fairly

- **Contract Procurement and Negotiation**
  - In participating in procurements and in negotiating with the U.S. Government, **be accurate and complete in all representations**. The submission to the U.S. Government 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 employee, or any supervisors who condone such practices.

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# Maintaining Accurate Records

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# Maintaining Accurate Records

- **Charging of Costs / Timecard Reporting**
  - Employees who file timecards must be particularly careful to do so in a **complete, accurate, and timely** manner.
  - Employees are required to sign their own timecards. Your signature on a timecard is your representation that the timecard accurately reflects the number of hours worked on the specified project or job order.

# Maintaining Accurate Records

- **Financial Records**

- The records of our company are maintained in a manner that provides for an accurate and auditable record of all financial transactions in conformity with generally accepted accounting principles. No false or deceptive entries may be made, and all entries must contain an appropriate description of the underlying transaction. All company funds must be retained in corporate bank accounts and no undisclosed or unrecorded fund or asset shall be established for any purpose. All reports, vouchers, bills, invoices, payroll and service records, and other essential data must be prepared with care and honesty.

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# Equal Opportunity Employment Practices

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# Equal Opportunity Employment Practices

- It is the continuing policy of this company to afford equal employment opportunity to qualified individuals regardless of their race, color, religion, sex, national origin, age, or physical or mental handicap, and to conform to applicable laws and regulations.

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# Proper Use of Company Resources



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# Proper Use of Company Resources

- Providing business courtesies to customers
  - To avoid even the appearance of impropriety, do not provide any customer with gifts or promotional items (for example, pens or calendars) of more than nominal value.

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# Proper Use of Company Resources

- **Providing business courtesies to customers**
  - Except for additional restrictions that apply to U.S. Government customers and are noted below, you may pay for reasonable meal, refreshment, or entertainment expenses for customers that are incurred only occasionally, are not required or solicited by the recipient, and are not intended to or likely to affect the recipient's business decisions with respect to our company. You may provide or pay for a customer's travel or lodging expenses only with the advance approval of the company's home office and the additional approval of CUI's Ethics and Compliance Manager.

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# Proper Use of Company Resources

- **Providing business courtesies to customers**
  - With regard to U.S. Government customers, you may not provide or pay for any meal, refreshment, entertainment, travel, or lodging expenses for a U.S. Government employee without the advance written approval of one of the company's Ethics and Compliance Manager.

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# Proper Use of Company Resources

- **Supplier Relationships**

- When dealing with or making decisions affecting suppliers, employees shall be careful not to inadvertently obligate either themselves or others in the company to a supplier.
  - **Gifts:** employees may not accept gifts or gratuities from suppliers, with the exception of advertising novelties of a nominal value marked with the donor's company's name.
  - **Entertainment:** employees may not accept reimbursement from suppliers.
  - **Kickbacks:** Federal laws prohibit the offering, soliciting, or accepting of any kickback, as well as the including of any amount of a kickback in a contract with the United States.

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# Proper Use of Company Resources

- **Dealing with Foreign Officials**
  - Do not promise, offer, or make any payments, in money, products, or services to any foreign official, either directly or indirectly, in exchange for or to induce favorable business treatment or to affect any government decision.

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# Proper Use of Company Resources

- **Political Activities**

- Our company believes strongly in the democratic political process and encourages employees to participate personally on their own time in that process. A corporation's activities, however, are limited significantly by law. For this reason, no political contribution of corporate funds or use of corporate property, services, or other assets may be made without the written approval of one of the company's Compliance Officers.

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# Avoiding Conflicts of Interest and Improper Release of Information

We expect you to devote your full working time and efforts to the company's interests and to avoid any activity that might detract from or conflict with those interests.



# Avoiding Conflicts of Interest and Improper Release of Information

- **Personal Conflicts of Interest**

- You may not have any employment, consulting, or other business relationship with a competitor, customer, or supplier of the company, or invest in any competitor, customers.
- Outside employment may also constitute a conflict of interest if it places an employee in the position of appearing to represent the company, involves providing goods or services substantially similar to those the company provides or is considering making available, or lessens the efficiency, alertness, or productivity normally expected of employees on their jobs.
- You must notify the company of all benefits you obtain from third parties because of your position.

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# Avoiding Conflicts of Interest and Improper Release of Information

- **Organizational Conflicts of Interest**
  - The company does not participate in any U.S. Government procurement as an officer or as a subcontractor or joint venture partner where the company has had any significant role in developing the performance work.
  - On U.S. Government contracts, the company will not contract with any potential subcontractor or supplier that has had any significant role in developing the performance work statement .
  - The company will require each subcontractor or supplier under a U.S. Government contract to sign a certification in advance of the execution of the subcontract or supply contract that the subcontractor or supplier has not had any significant role in developing the performance work statement.

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# Avoiding Conflicts of Interest and Improper Release of Information

- **Restricted Company Information**

- It is our policy not to disclose to any outside party any non-public business, financial, personnel, or technological information, plans, or data that you have acquired during your employment at the company. On termination of employment, you may not copy, take, or retain any documents containing restricted information.
- The prohibition against disclosing restricted information extends indefinitely beyond your period of employment. Your agreement to protect the confidentiality of such information in perpetuity is considered an important condition of your employment at the company.

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# Avoiding Conflicts of Interest and Improper Release of Information

- **Government Classified and Proprietary Information**
  - We have special obligations to comply with laws and regulations that protect classified information. Employees with valid security clearances who have access to classified information must ensure that the information is handled in accordance with pertinent Federal procedures. These restrictions apply to any form of information, whether in written or electronic form.

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# Reporting Violations

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## Reporting Violations

- Employees are expected to report any suspected violations of this Code of Business Ethics and Standards of Conduct or other irregularities to their supervisor or to the company Ethics and Compliance Manager.

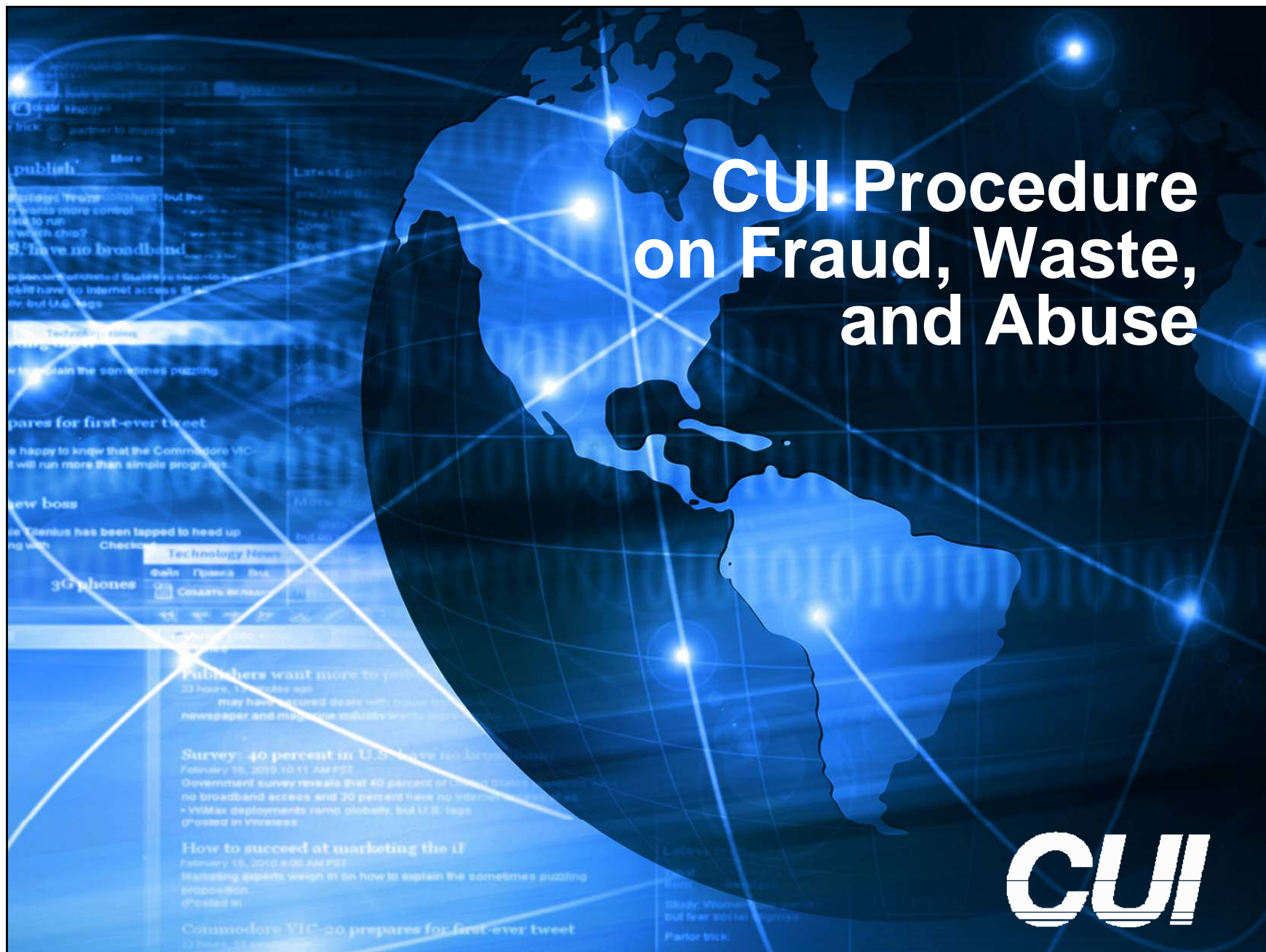
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**Each of us has an obligation  
to behave at all times with  
honesty and propriety**  
because such behavior is  
morally and legally right and  
because our business success  
and reputation for integrity  
depends on the actions of  
each employee.

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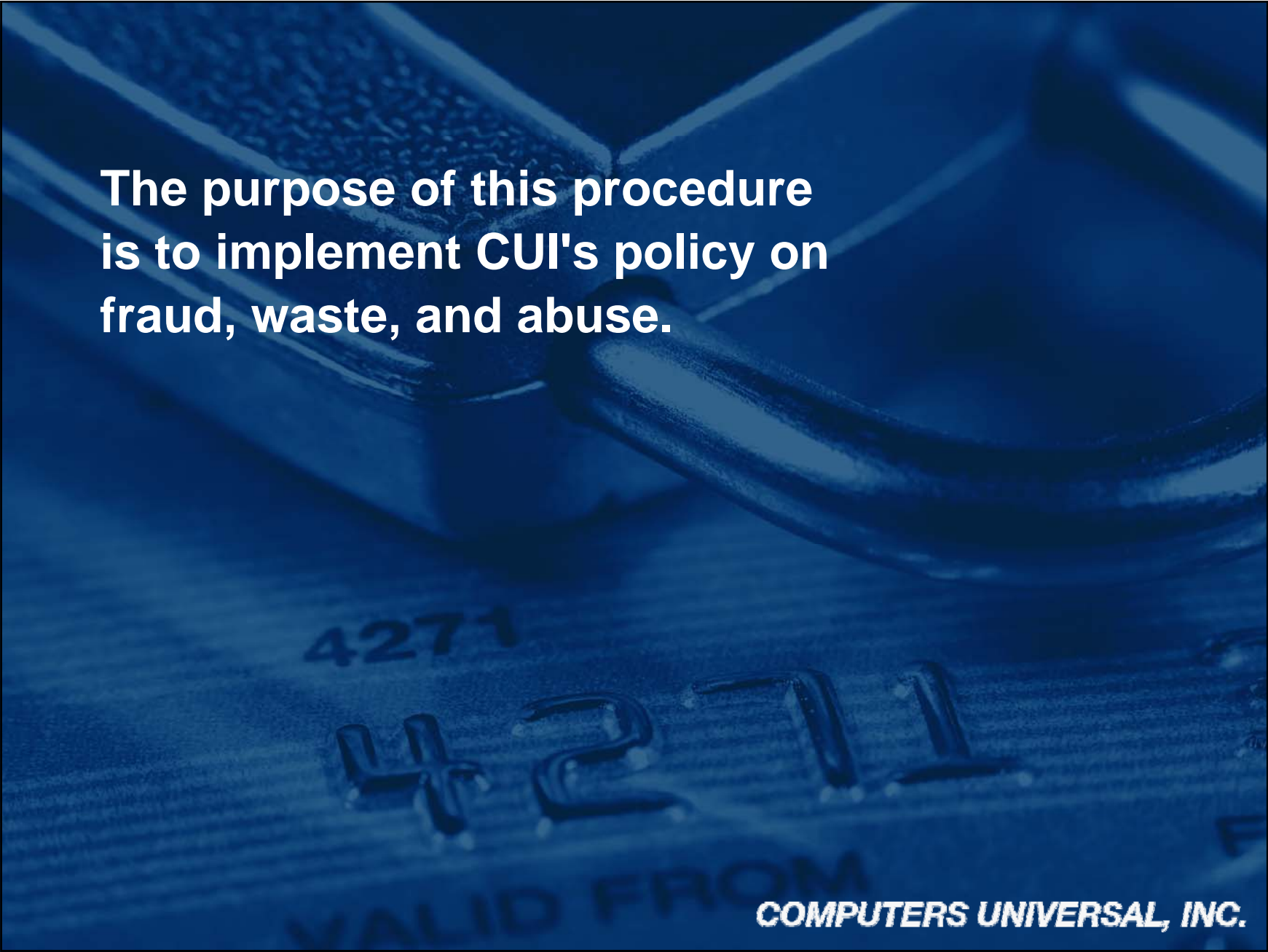
# CUI Procedure on Fraud, Waste, and Abuse

**CUI**

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Survey: 40 percent in U.S. have no broadband  
February 15, 2010 10:11 AM PST  
Government survey reveals that 40 percent of United States  
no broadband access and 30 percent have no Internet access  
- Wireless deployments ramp globally, but U.S. lags  
Posted in Wireless  
How to succeed at marketing the iF  
February 15, 2010 6:00 AM PST  
Marketing experts weigh in on how to explain the sometimes puzzling  
proposition  
Posted in  
Commodore VIC-20 prepares for first-ever tweet  
12 hours, 50 minutes ago  
Parlor trick.





**The purpose of this procedure  
is to implement CUI's policy on  
fraud, waste, and abuse.**

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**It is the policy of CUI that all employees at all levels be truthful in all dealings with the government** and with any upper-tier contractors that ultimately contract with the government.

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# Compliance with the False Claims Act

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# Compliance with the False Claims Act

- The FCA imposes liability for seven enumerated acts, including knowingly presenting a false or fraudulent claim for payment or approval or making a false record or statement to get a false or fraudulent claim paid or approved by the government.
- Virtually any attempt to obtain money from the government, or from an upper-tier contractor that ultimately contracts with the government, will be considered a "claim" under the FCA.

# Compliance with the False Claims Act

- The claim need not be paid to constitute a violation, but only needs to be "presented" for payment.
- It is important to recognize that while the law states that one must "know" that the claim is false, some courts have held that a person may be deemed to have known that a claim was false by their reckless disregard for the truth as well as a conscious avoidance of the truth.

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# Compliance with the False Claims Act

- Sufficient care must be taken to ensure proper recording and charging of all costs to the appropriate job number or account.
- It is specifically prohibited for any employee to submit or to concur in the submission of any claims, bids, billings, or any other documents of any kind that are false, fictitious, or fraudulent. Such acts are criminal violations that could result in the criminal prosecution of the company and the employee involved.

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# Compliance with the False Claims Act

- It is the policy of CUI that all billing statements be checked for accuracy before submission, and that any express certifications required as part of the billing cycle be carefully and deliberately executed only after the monthly billing statements have been checked for accuracy.

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# Compliance with the False Statements Act

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# Compliance with the False Statements Act

- The False Statements Act (FSA) criminalizes false statements made directly or indirectly to the government. To establish a violation of the FSA, the government must prove that:
  - A. A person willfully made a false, fictitious, or fraudulent statement or made use of a document knowing that it contained a false, fictitious, or fraudulent statement or entry;
  - B. The matter comes under the jurisdiction of an agency or department of the United States;
  - C. The statement was false, fictitious, or fraudulent; and
  - D. The person knew that the statement was false, fictitious, or fraudulent when made.

# Compliance with the False Statements Act

- The FSA also prohibits falsifying, concealing, or covering up a material fact that a Company employee had a duty to disclose. If any employee has any questions concerning any duty to disclose, he or she should contact CUI's Ethics and Compliance Manager.
- An employee may also violate the False Statements Act by intentionally failing to comply with the Truth in Negotiations Act (TINA). For certain contracts, TINA requires that contractors and subcontractors provide cost or pricing data that are accurate, current, and complete.

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# Compliance with the Forfeiture Act

**CUI**

# Compliance with the Forfeiture Act

- The Forfeiture Act provides that a claim against the government is forfeited if fraud by the contractor occurs during contract performance or in the making, proving, or establishing of a claim. Since fraud taints the entire contract, all of the contractor's claims are forfeited. The Forfeiture Act requires that the government prove by clear and convincing evidence that the claimant knew that claim was false, and intended to deceive the government by submitting the claim.

# Compliance with the Forfeiture Act

- Because the penalty under the Forfeiture Act is so extreme—surrendering the entire claim even if the false statement applies to a portion of the claim—it is the policy of the Company to be especially vigilant in avoiding violations of the Forfeiture Act.

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# Compliance with the Anti-fraud Provision of the CDA

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# Compliance with the Forfeiture Act

- The anti-fraud provision of the CDA provides that a contractor who is unable to support any part of a claim because of a misrepresentation of fact or fraud shall be liable for the unsupported part of the claim as well as for the government's costs to review the claim.
- To recover under the anti-fraud provisions of the CDA, the government must establish by a preponderance of the evidence that the contractor made false or fraudulent statements in the claim with the intent to deceive or mislead the government

Training should be conducted on at least a once yearly basis based on materials to be prepared by CUI's outside counsel or others having special insight into issues of fraud, waste, and abuse.



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# CUI Procedure on Records Retention



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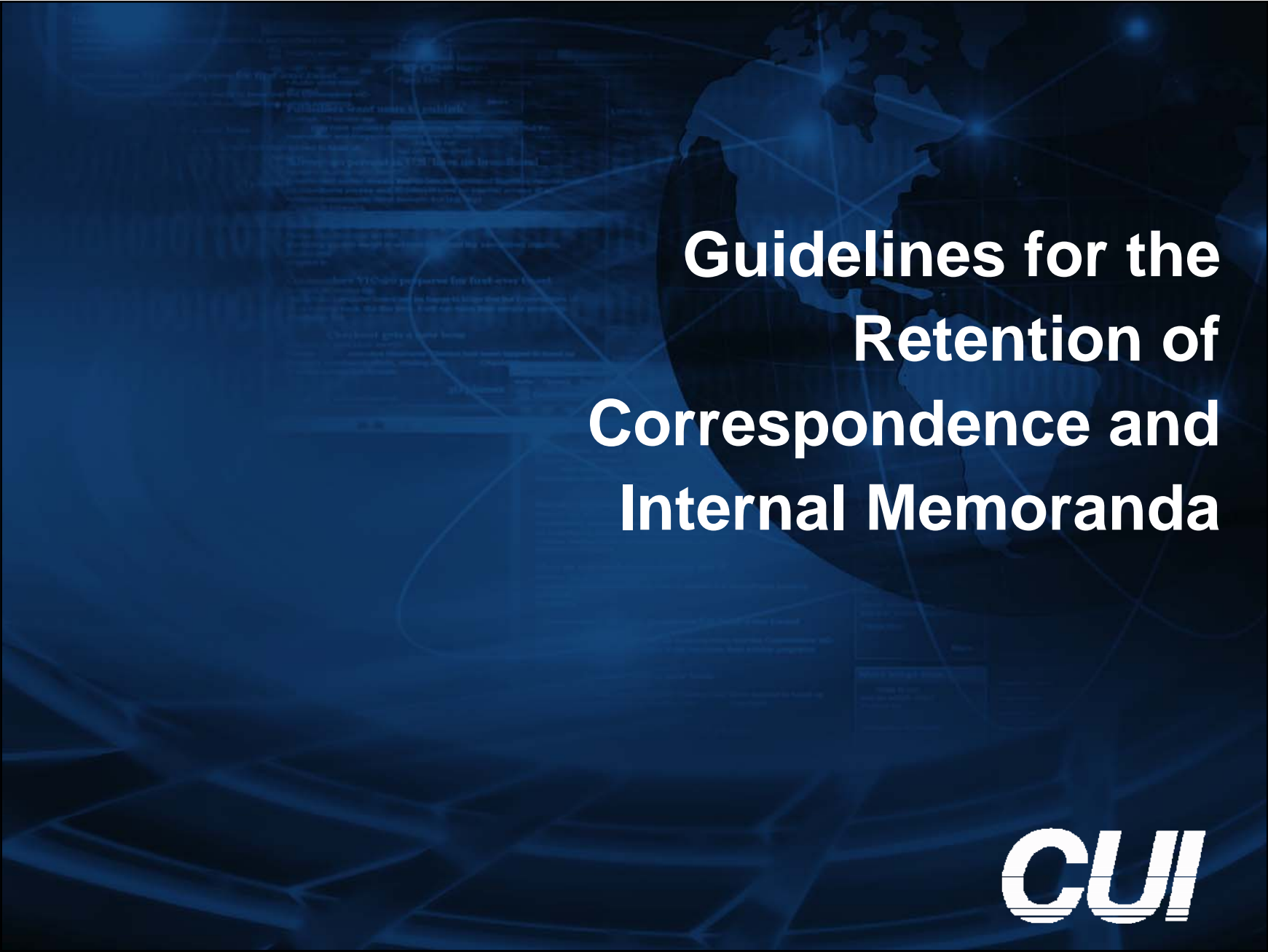
**The purpose of this  
procedure is to implement  
CUI's policy on Records  
Retention on all government  
contract accounts.**

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# Overview

- It is the policy of CUI that all records are to be retained for at least the minimum period as stated in applicable state or federal law or regulation.
- Likewise, it is CUI's policy that records that are not required by law, regulation, or good practice to be maintained be subject to a prescribed program of retirement and destruction.
- CUI's procedure on records retention also provides for the safeguarding of records that are deemed to be vital in nature, such that the privacy and security of such records is maintained.



# **Guidelines for the Retention of Correspondence and Internal Memoranda**

**CUI**

# Guidelines for the Retention of Correspondence and Internal Memoranda

- Documents that should be filed and retained for a minimum of 30 days and for a maximum of twelve months include the following:
  1. Unimportant letters and notes that require no acknowledgement or follow up, such as form letters, letters of appreciation, and the like.
  2. Copies of inter-departmental or other company correspondence where another copy of the same letter will be in the file.
  3. Letters of general inquiry and replies that complete a cycle of correspondence and have no value following a reasonable period of time.
  4. Letters applying for employment with the Company.
  5. Memoranda and reports regarding expense accounts that have little value after the voucher is approved.
  6. Collection letters that have limited value after the account is paid.
  7. Quotation letters and proposals where no contract results.

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# Guidelines for the Retention of Correspondence and Internal Memoranda

- Documents to be Kept Indefinitely or for the Life of the Principal Document which it Supports
  1. Documents pertaining to patents, copyrights, licensing agreements, bills of sale, permits, etc.
  2. Documents that were prepared contemporaneously with or prior to the formation of a contract that could be useful in the clarification or interpretation of that contract.
  3. Documents that the Company might need to produce in a legal proceeding to prove or disprove liability or to enforce rights of the Company.

# Guidelines for the Retention of Correspondence and Internal Memoranda

- General Corporate Records
  1. General corporate records of the Company should be retained on a permanent basis. The Office of Corporate Secretary should keep indefinitely all documents that may be legally required or that may have business significance, and, in addition, shall keep or provide for the retention of such other documents as may have historical value.
  2. The Shareholder Records Department shall keep such records as will enable the Company to ascertain who its existing shareholders are, who its shareholders were at any time in the past, and whether or not any person was ever a shareholder of the Company.



# Guidelines for the Retention of Correspondence and Internal Memoranda

- Tax Records

1. As a general proposition, the Company must maintain on an indefinite and permanent basis all books of account or records as are sufficient to establish the amount of gross income, deductions, credits, or other matters required to substantiate any entries in the Company's tax returns
2. Tax-related records that are required to be maintained indefinitely on a permanent basis include depreciation schedules, tax bills and statements, tax returns, social security tax records, and state property and income tax records.

# Guidelines for the Retention of Correspondence and Internal Memoranda

- Pension Documents
  - The Company should retain on an indefinite and permanent basis all pension plan documents and supporting employee data such that the Company can establish at all times whether or not any pension is payable to any person, and, if so, the amount of such pension. Records of pension amounts paid to employees or their beneficiaries may be destroyed two years following the death of the employee.

# Guidelines for the Retention of Correspondence and Internal Memoranda

- Payroll Documents
  - Payroll documents and supporting data should be kept in such a manner that the Company's responsibilities under the Wage and Hour Rules of the Department of Labor, as well as under the rules of the Wash-Healey Act, can be demonstrated. Additionally, payroll records must be maintained to the extent necessary to enable the Company to compute the payment amount due under any pension.

# Guidelines for the Retention of Correspondence and Internal Memoranda

- Safety Documents
  - The Company must keep all documents relating to employee health and safety for such periods as will enable it to demonstrate compliance with any applicable regulation or standard. As a guideline, safety documents should be kept for twenty years.

# Guidelines for the Retention of Correspondence and Internal Memoranda

- Accounting and Finance
  - All balance sheets and other financial statements should be maintained indefinitely on a permanent basis. All other financial and accounting documents, including all ledgers, bank records, checking records, and financial planning documents, should be kept for twenty years.



# Guidelines for the Retention of Correspondence and Internal Memoranda

- Employment records should be kept in a manner consistent with the following timetable.
  1. Applications: 1 yr.
  2. Attendance records: 3 yrs.
  3. Earnings records: Permanent
  4. Education and training records: 10 yrs.
  5. Performance evaluations: 3 yrs.
  6. Medical histories and health data: Permanent
  7. Safety or injury frequency reports: 10 yrs.
  8. Time cards and time sheets: 10 yrs.
  9. Affirmative action programs: Until superseded
  10. EEO-1: 3 yrs.
  11. Employee personnel records: 6 yrs. after termination
  12. Employee exposure records: Permanent
  13. Other employment records: 3 yrs.



# Contract Files

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# Contract Files

- All contract files for contracts involving governmental buyers shall be retained for a period of three years following final payment under the contract.
- This basic three-year retention period also applies to all cost records and other documents potentially subject to government audit as provided for in FAR 4.703
- The original contract and all modifications should be retained for a period of seven years following final payment.
- Likewise, the final bid or proposal giving rise to the contract should be retained for a period of seven years following final payment.

# Contract Files

- Consistent with the requirements of FAR 4.705-1, the Company should retain the following documents for a period of four years following final payment:
  1. Accounts receivable invoices, adjustments to the accounts, invoice registers, and shipping orders,
  2. Material, work order, or service order files,
  3. Cash advance recapitulations in connection with employee expense vouchers,
  4. Paid, canceled, and voided checks; and
  5. Accounts payable records to support disbursements of funds for materials, equipment, supplies, and services.

# Contract Files

- Also consistent with the requirements of FAR 4.705-1, the Company should retain the following documents for a period of two years following final payment:
  1. Material, work order, or service order files,
  2. Labor cost distribution cards; and
  3. Petty cash records, including vouchers.



# Contract Files

- As provided for in FAR 4.705-3, CUI should maintain all requisition records for a period of four years. These records would include:
  1. Store requisitions for materials;
  2. Work orders for maintenance and other services;
  3. Equipment usage and repair records;
  4. Expendable property records;
  5. Receiving and inspection report records for supplies equipment, and materials;
  6. Purchase order files for supplies, equipment, material, or services; and
  7. Production records of quality control, reliability, and inspection.

# Safeguarding of Contract Records

- Executed originals of all contracts and modifications should be maintained by the Operations Manager in a fireproof safe or in a similarly safeguarded condition. The contract files should be organized and indexed.

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# Suspension of Document Destruction Activities

- In the event the company is served with a complaint or other legal action, or if the Company reasonably believes that a legal action is imminent, the Company should immediately suspend the document destruction activities on all matters that relate or could relate to the facts giving rise to the action. To the extent that there exists any doubt as to the scope of the documents to be preserved from scheduled destruction, Company counsel should be contacted.



# CUI Procedure on a Drug-free Workplace and Drug-free Workforce

**CUI**



**The purpose of this procedure is to implement CUI's policy on a drug-free workplace and drug-free workforce on all government contract accounts.**

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# Overview

**CUI**

# Overview

- The use of controlled substances by Company employees gives rise to two significant areas of concern. The first is that such use violates various criminal laws and is punishable as a crime. The second is that such use diminishes an employee's performance. As such, CUI imposes a blanket prohibition on illegal drug use at the workplace.

# Overview

- In implementing this initiative, CUI employees are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in the company workplace.
- Violation of this policy could result in personnel action against such employee, up to and including termination. Where applicable, this policy also requires, as part of the Company's response to an employee violation, that the employee satisfactorily complete a drug abuse assistance or rehabilitation program.

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# Overview

- For key CUI employees in sensitive positions or those holding special clearances, the Company will establish a program that provides for random testing for the use of illegal drugs by employees. CUI will not allow any employee to remain on duty or perform in a sensitive position who is found to use illegal drugs until such time as CUI determines that the employee may again perform in such a position.

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# Drug-free Workplace Awareness

ALL EMPLOYEES

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# Drug-free Workplace Awareness

- All employees
  - New employees shall be advised on the dangers of drug abuse in the workplace and the Company's policy of maintaining a drug-free workplace. Additionally, all new employees shall be advised of the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace and of employee assistance programs on drug awareness and drug treatment programs made available by the Company.

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# Drug-free Workplace Awareness

- All employees
  - All employees engaged in performance of a government contract are to be provided a copy of the Company statement on a drug-free workplace. Employees will be notified that as a condition of continued employment, the employee will abide by the terms of the statement.

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# Drug-free Workplace Awareness

EMPLOYEES IN SENSITIVE POSITIONS

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# Drug-free Workplace Awareness

- **Employees In Sensitive Positions**
  - Employees in a sensitive position are those who have been granted access to classified information or employees in other positions that involve national security, health, or safety, or other functions that require a high degree of employee trust and confidence.
  - The extent of and criteria for any random drug testing of employees shall be determined based on the nature of the work being performed, the employee's duties, the efficient use of Company resources, and the risks to health, safety, or national security that could result from the failure of an employee adequately to discharge his or her position.

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# Employee Requirements to Report Workplace Drug Violations

- All employees are required to report to the Company within five days any conviction under a criminal drug statute for a drug violation occurring in the workplace.
- Within ten days following receipt of notice from an employee or otherwise receiving actual notice of a workplace drug violation conviction, the Company will notify the appropriate Contracting Officer in writing of the incident.
- Within 30 days following receipt of employee notice of conviction, the Company should take one of the following actions with respect to the subject employee:
  - Appropriate disciplinary action, up to and including termination; and/or
  - Forced participation in and successful completion of a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.

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# Workforce Violations by Employees Holding Sensitive Positions

- Sensitive positions will be identified before selection for employee drug testing is made. When a sensitive position is required for contract performance, the Company will establish:
  - Employee assistance programs emphasizing high-level direction, education, counseling, rehabilitation, and coordination with available community resources;
  - Supervisory training to assist in identifying and addressing illegal drug use by employees;
  - Provision for self-referrals as well as supervisory referrals to treatment with maximum respect for individual confidentiality consistent with safety and security issues; and
  - Provision for identifying illegal drug users, including testing on a controlled and carefully monitored basis.

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# Workforce Violations by Employees Holding Sensitive Positions

- Employees holding sensitive positions who report for work with illegal drugs in their systems are subject to disciplinary action. Such employees who experience significant work performance problems or who become involved in significant incidents or accidents are subject to immediate discharge if medical tests show that such employees have illegal drugs in their systems.

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# Drug Testing Procedures

**CUI**

# Drug Testing Procedures

- For those CUI employees in sensitive positions who are thus subject to random drug testing, the Company shall screen candidates for testing on a non-biased basis to assure a random distribution.

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# Drug Testing Procedures

- No drug test may be conducted without the written permission of the person being tested. Prior to the collection of a urine specimen for drug testing, individuals are to be thoroughly interviewed to determine if there may be any medications or other substances that may have been inhaled, ingested, or injected in the previous two weeks that could result in a false "positive" test
- An employee's refusal to submit to drug testing is viewed as insubordination and subjects the employee to disciplinary action up to and including discharge.
- All individuals who test positive are to be so notified by the Company and given an opportunity to provide the Company any reasons he or she may have that would explain the positive drug test other than the presence of illegal drugs.

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# Education and Training

**CUI**

## Education and Training

- Employees are to be advised in writing of the Company's procedure on a drug-free workplace and drug-free workforce.

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## Education and Training

- CUI managers and other selected employees are to be trained on the following issues:
  - Drug abuse recognition, symptoms, and effects;
  - Methods of visually identifying employees who may be subject to the effects of drugs; and
  - Methods of referring employees who might be suffering from personal problems that could signal possible drug use.

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## Education and Training

- CUI managers and their designees should also be trained on the following issues:
  - Company procedures related to handling employees who appear to be subject to the effects of drugs;
  - Documenting observations and impressions of persons who may be subject to the effects of illegal drug use;
  - Drug testing policy rules, procedures, and safeguards; and
  - Safety aspects of drug problems in both work and social environments.

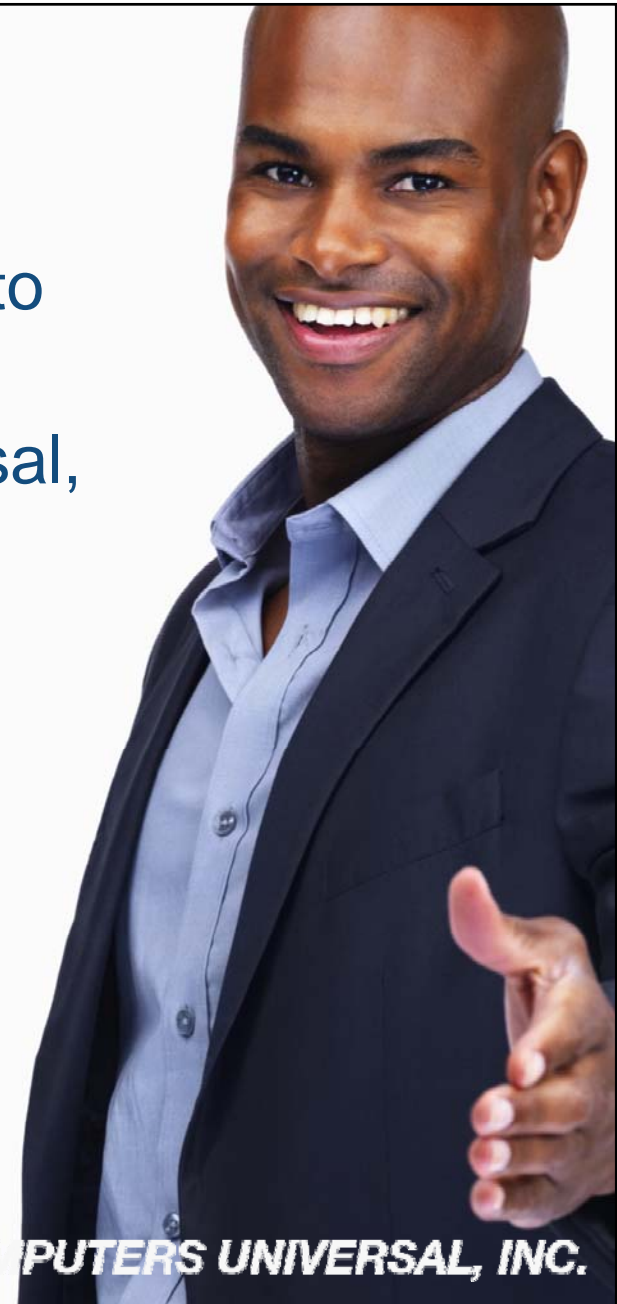




# Cui Statement of Policy and Integrating Procedure on Government Contractor Compliance

**CUI**

The purpose of this procedure is to integrate all of the implementing procedures of Computers Universal, Inc. (“CUI”) for all contracts in which the government is a direct or indirect buyer. By so doing, the company desires to create a robust program that promotes a corporate culture of business ethics and compliance with the corporate procedures of CUI.



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## Overview

- This procedure provides the administrative framework within which the company's Code of Business Ethics and Standards of Conduct, and other procedures, are implemented. As such, this procedure serves as CUI's master integrating procedure.

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## Definitions

- The "Ethics and Compliance Manager" is a high-level company representative who is charged by the corporation with the responsibility for ensuring that CUI's Code of Business Ethics and Standards of Conduct, and its other compliance procedures, are properly implemented and that the desired culture of business ethics and overall corporate compliance are achieved.



# Definitions

- "Voluntary disclosure" is the act of disclosing to the buyer or applicable governmental authority a violation or potential violation of a law, regulation, guidance, or practice before the buyer or governmental authority learns of the violation or potential violation.



# Statement of Policy

- It shall be the policy of CUI to promote "best in class" contracting practices, to prevent allegations of government contract fraud, and to maximize safety and corporate responsibility during the performance of all government contracts. In order to attain these policy objectives, CUI has developed a number of implementing procedures.

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# Statement of Policy

- Procedures covered by this policy include those procedures governing the following topical areas:
  - Recruiting policies;
  - Business ethics and contracting policies;
  - Fraud, waste, and abuse compliance policies;
  - Marketing policies;
  - Billing policies and practices; and
- Whistleblower compliance

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# Appointment of Ethics and Compliance Manager

- The company recognizes that the overall success of its Code of Business Ethics and Standards of Conduct, and its other compliance procedures, depends in large part on strong corporate oversight. Toward that end, CUI appoints as its Ethics and Compliance Manager Mr. \_\_\_\_\_. The Ethics and Compliance Manager is a full-time position charged with responsibility to take all necessary and reasonable measures to implement and maintain the Code of Business Ethics and Standards of Conduct and the other corporate procedures. The Ethics and Compliance Manager shall have the full support of the company's Board of Directors.

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# Establishment of a Compliance "Hotline"

**CUI**

## Definitions

- An integral component of the company's compliance program is the ability of any employee in the organization, without fear of reprisal, to call the company's Ethics and Compliance Manager on a toll-free "hotline" to report any perceived issues or non-compliances with any procedure.
- If the "hotline" caller so desires, the caller's identity shall remain anonymous and the confidentiality of the content of the call shall be preserved.



## Definitions

- In addition to the telephone "hotline," the company shall establish an e-mail "hotline" to allow for continuous reporting of perceived non-compliances. The assigned mailboxes shall be checked semi-weekly by the Ethics and Compliance Manager, and all telephone calls, voicemail or e-mail messages to the hotline shall be answered promptly by the Ethics and Compliance Manager and acted upon prompt.



# Training

**CUI**

# Training

- At regular intervals, but not less than once annually, the company shall conduct training on the substantive areas of the company's Code of Business Ethics and Standards of Conduct, and the other procedures.
- Training in this manner could be scheduled to be conducted at all company business locations.

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# Training

- The basic training module, applicable to all employees, would include:
  - An explanation of the Code of Business Ethics and Standards of Conduct, and all other procedures;
  - An explanation of how violations can be reported;
  - A re-statement of the non-retribution and non-retaliation policy of the company; and
  - A review of applicable laws and regulations. The Business Ethics and Compliance Manager shall maintain a record of attendees for all training sessions and shall solicit feedback from the participants through the use of critique sheets.

# Training

- Training shall be provided once annually to senior management by the Ethics and Compliance Manager, with input from outside counsel. Such training should focus on compliance issues that affect upper management and the company generally.





# Enforcement of Compliance Procedures

**CUI**

# Enforcement of Compliance Procedures

- CUI recognizes that the promulgation of compliance procedures, without more, is of limited utility. Accordingly, for compliance procedures to be effective, the Code of Business Ethics and Standards of Conduct and the other procedures must be subject to an enforcement and disciplinary regime.

# Enforcement of Compliance Procedures

- The company's enforcement and disciplinary regime begins with the need to identify any non-compliances with the Code of Business Ethics and Standards of Conduct, and the procedures.
  - The primary mechanisms for identifying non-compliances include self assessments, monitoring, and audits.
  - A second element to the company's enforcement regime is to assure compliance by promoting the importance of adhering to the procedures.
- A third element of the company's enforcement regime is to recognize exceptional compliance and to reprimand conduct that represents correctable non-compliance.

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# Enforcement of Compliance Procedures

- Each existing and new employee shall be instructed that adherence To the Code of Business Ethics and Standards of Conduct is a Condition of employment, and disciplinary measures will be taken for any non-compliance with the Code, including termination.
  - During annual performance reviews the degree of adherence to the Code shall be discussed with each employee and any corrective measures shall be identified.
  - A high degree of adherence to the Code shall be a prerequisite for any decision to award a promotion or an increase in competition.

# Enforcement of Compliance Procedures

- With respect to enforcement of identified non-compliances against company employees, the Ethics and Compliance Manager initially should determine whether the non-compliance was correctable.
- If so, then the Ethics and Compliance Manager should recommend to the employee's immediate supervisor the appropriate level of discipline, ranging from an informal admonition to outright dismissal.
- The Ethics and Compliance Manager shall also maintain a log of all reported non-compliances, the enforcement or disciplinary actions taken, and the rationale for selecting the enforcement or disciplinary action(s) imposed.



# Audit of Compliance Initiatives

- Each existing and new employee shall be instructed  
Twice annually the Ethics and Compliance Manager shall conduct an audit of the company's compliance procedures. At a minimum, such audits should confirm that:
  - The compliance procedures are properly controlled and disseminated to company personnel;
  - All training has been conducted as scheduled;
  - All non-conformances have been properly identified and dispositioned; and
  - All corrective actions or root cause analyses have been properly undertaken.

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# Voluntary Disclosure

- To the extent that any non-compliances are discovered during the conduct of an audit or otherwise, the Ethics and Compliance Manager should make a determination as to whether any such non-compliances should be disclosed to the buyer.

# Cooperation During Investigations

- Notwithstanding that the company may have compiled a wholly satisfactory record on government contract compliance, the possibility always exists that the company may be subjected to government investigation
- Once it becomes apparent that an investigation is underway, the company strive to demonstrate, if supported by fact, that the questioned conduct at issue was aberrational and isolated, and not symptomatic of administrative or programmatic weaknesses.

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# Compliance Program Updates

**CUI**

# Compliance Program Updates

- On at least an annual basis, the company should perform a review of all procedures to determine whether any new laws, regulations, or enforcement guidance have been issued that affect any portion or portions of the Code or compliance procedures.
- If any changes to the Code of Business Ethics and Standards of Conduct, or the other procedures, are warranted due to such regulatory change, then the company should issue revisions to the affected procedure(s).

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# Compliance Program Updates

- The company's enforcement and disciplinary regime begins with the need to identify any non-compliances with the Code of Business Ethics and Standards of Conduct, and the procedures.
  - The primary mechanisms for identifying non-compliances include self assessments, monitoring, and audits.
  - A second element to the company's enforcement regime is to assure compliance by promoting the importance of adhering to the procedures.
  - A third element of the company's enforcement regime is to recognize exceptional compliance and to reprimand conduct that represents correctable non-compliance.

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# Subcontracting Requirements

**CUI**

# Compliance Program Updates

- CUI's policy under all of its contracts with the U.S. Government is to enter subcontracts solely with companies that have adopted or are prepared to adopt as a condition of subcontracting with CUI a code of business ethics and standards of conduct that is similar to CUI's.
- CUI's policy is also to require each subcontractor to adopt a procedure governing fraud, waste and abuse that is similar to the procedure adopted by CUI.

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# Compliance Program Updates

- The Ethics and Compliance Manager, with input from outside counsel, shall prepare standard subcontract clauses that contain the above requirements (in Section 18.1), and provide training to each manager with authority to execute a subcontract for CUI as to the above requirements, and that henceforth each executed subcontract under a U.S. Government prime contract shall contain such clauses.

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# Compliance Program Updates

- CUI's policy shall be to meet with each subcontractor under a U.S. Government contract at least on an every other month basis to review the implementation of the Ethics Code requirement, the fraud, waste and abuse requirement, that the required hotline has been installed, and to confirm that each subcontractors' employees are receiving appropriate training as to these requirements. It shall be the Ethics and Compliance Manager's duty to conduct these meetings with subcontractors.

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# Subcontract and Supply Contract Limitations



# Subcontract and Supply Contract Limitations

- The Ethics and Compliance Manager shall provide training to each manager with authority to execute either a subcontract or a supply contract that prior to executing any subcontract or supply contract under a U.S. Government prime contract, each manager shall check the then-current Excluded List for the relevant federal agency to confirm that the anticipated subcontractor or supplier is not suspended or debarred.
- If they are, CUI will not enter into a contract with such company on a federal project until the suspension or debarment has been terminated.

# Subcontract and Supply Contract Limitations

- The Ethics and Compliance Manager shall provide training to each manager with authority to execute subcontracts or supply contracts on behalf of CUI that company policy requires each subcontractor or supplier under a U.S. Government contract to sign a certification in advance of the execution of the subcontract or supply contract that the subcontractor or supplier has not had any significant role in developing the performance work statement or performance requirements in the procurement that resulted in CUI being awarded a contract with the U.S. Government, and the company is not in possession of non-public information that would give it a competitive advantage, other than the normal experience and knowledge developed as an incumbent contractor on a predecessor contract.

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# Reporting Possible Violations

The Ethics  
Hotline Phone  
Number Is **1-937-  
427-2300.**



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## Response to Reports

- The Ethics Compliance Officer is responsible for the review, investigation, and response to all reported possible Code violations.
- The Ethics Compliance Officer will keep the Nominating/Governance Committee of the CUI Board of Directors apprised of all substantiated reports of suspected violations.

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## Response to Reports

- The response to a report of a suspected unethical or illegal practice will consist, in every instance, of a review and/or investigation of the report.

## Disciplinary Action


- Violations of this Code may result in one or more of the following actions:
  - Verbal Warning or Written Reprimand
  - Probation
  - Demotion
  - Reduction in Pay
  - Suspension
  - Termination of Employment or Removal as a Director
  - Damage or Loss Reimbursement
  - Referral for Civil Action or Criminal Prosecution

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## Certification

- Because of the importance of ethical and lawful business conduct at CUI, you are required to sign the attached certification in the block “Initial Compliance Certification,” which states that you have read and will comply with the Code.

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**Thank you for your  
support and  
commitment to the  
success of CUI's ethics  
compliance program.**

**COMPUTERS UNIVERSAL, INC.**