



National Fire Protection, LLC
FIRE PROTECTION CONTRACTORS

COMPLIANCE MANUAL

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PRESIDENT'S LETTER

Dear NFP Employees:

The National Fire Protection, LLC Compliance Manual is intended to provide you with an understanding of the basic laws, regulations, and business standards to which all NFP companies subscribe. The Manual provides you with critical information as an employee of our Company who often represents NFP in its day-to-day dealings in the business world.

This Manual is not intended to be all-encompassing, nor is it intended to address every possible business issue you might encounter. To the extent that you encounter a business issue to which you are uncertain how to respond, it is important for you to abide by the highest ethical standards and apply good judgment and common sense. In addition, the Company will provide you with advice and counseling, in person, by telephone, or on an anonymous basis if requested.

The answers to legal and ethical dilemmas that arise in today's business world are not easy. It is unlikely that any one of us will encounter all of the various issues addressed in this Manual, but it is important that we all adhere to the principles of honesty and common sense in all of our business dealings on behalf of the Company.

Each NFP employee is expected to read and understand the Manual. Even more important, each of us must make a personal commitment to employ the highest ethical standards in our business dealings on behalf of the Company. Your high ethical standards are an important factor.

Sincerely,



F. George Buell President

I. NFP—COMPANY BACKGROUND

NFP is a name long recognized in the fire protection industry. Our company engages primarily in the engineering and installation of fire protection systems in all types of commercial, industrial, governmental and high-density residential construction. Our company is one of the largest fire protection contractors on the East Coast. Our clients include private owners, public owners, general contractors, construction managers and mechanical contractors. Today, when we refer to NFP or the Company, we refer to National Fire Protection, LLC.

II. OUR RESPECTIVE RESPONSIBILITIES

A. The Company

In order to incorporate and apply the standards set forth in this Manual in our business dealings, the Company and each of its employees have certain responsibilities. NFP's responsibilities include the following:

- ▶ Prepare and provide the NFP Compliance Manual to our employees.
- ▶ Provide our employees with the necessary training and educational programs to permit them to understand and use the Manual in their business dealings.
- ▶ Update the Manual as appropriate.
- ▶ Provide our employees with the necessary mechanisms to report known or suspected violations of the standards set forth in this Manual.
- ▶ Provide our employees with advice and counseling concerning appropriate business standards.
- ▶ Enforce compliance with the Manual.

B. Our Employees

Our employees also have significant responsibilities that they must faithfully pursue to fulfill the goals of this Manual. Our employees' responsibilities include the following:

- ▶ Carefully read and understand the Manual.
- ▶ Ask questions if there is something in the Manual that you do not understand.
- ▶ Ensure that you personally comply with the Manual in your day-to-day business dealings on behalf of the Company.
- ▶ Be aware of any violations of the Manual by other employees that you observe and try to help them avoid violations.
- ▶ Report any violations of the standards set forth in this Manual, either by you or by another employee, as set forth later in this Manual.

III. HOW TO USE THE MANUAL

This section of the Manual is intended to briefly explain its contents and how you should use it.

- ▶ The NFP Compliance Manual contains important legal and ethical standards we all must meet. After reading the standards, you should carefully consider each of them to make sure you fully understand the standards.

- ▶ The Manual also contains the addresses and phone numbers of our in-house attorneys. You can write or call our attorneys, anonymously if you like, to seek advice and counseling concerning the standards contained in this Manual, and to report violations.
- ▶ If you are uncomfortable speaking with our in-house attorneys to report violations, you can call them and ask for the name and phone number of one of the Company's outside lawyers, who you can speak with, again anonymously if you prefer.
- ▶ The Manual also contains the address and phone number of our Human Resources Department. You can write or call our Human Resources Department, anonymously if you like, to seek advice and counseling concerning the standards contained in this Manual, and to report violations.
- ▶ You will not be the subject of any retaliation by the Company for reporting violations by other employees of the standards in the Manual. We will protect your anonymity to the extent possible.
- ▶ If you report your own violations, your voluntary reporting and cooperation will be taken into consideration in considering appropriate disciplinary actions.
- ▶ Reference in this Manual to "NFP" or "the Company" means National Fire Protection, LLC.

IV. THE NFP BUSINESS STANDARDS

A. General Introduction

NFP's work requires all employees to abide by a number of important federal, state, and local laws and regulations in our day-to-day business. We also expect our employees to follow common sense and to use ethical business practices.

B. Compliance with Governing Laws

NFP is committed to complying with the letter and the spirit of all laws and regulations that govern our business. All employees must strictly adhere to this policy every day. If there is any doubt in your mind as to whether any action you undertake is in violation of any law or regulation, you should always err on the side of caution.

There are so many laws and regulations that we must follow in today's world that it would not be possible to list them all in this Manual. We will try to summarize the most relevant laws, regulations, and standards in this Manual. Most important, you must also apply good logic and common sense. Whether or not summarized in this Manual, you should never steal money or property from employees or clients; you should never commit fraud; misappropriate information or trade secrets; discriminate against others; or submit false or fraudulent claims, proposals, or information.

In performing any task on behalf of the Company, you should immediately stop and seek advice from your supervisor, the President, our Human Resources Department and/or our Legal Department if you answer "YES" to any of the following questions:

- ▶ Is this action inconsistent with NFP's company values or business unit policy?
- ▶ Is the action likely to endanger anyone's health or safety?
- ▶ Do I have any doubts about whether the action is legal?
- ▶ Would it be hard to defend this action with my supervisor, co-workers, customers, or those in the community where we do business? In other words, would I or would the Company be embarrassed if this action or situation were reported in the newspaper or on TV?

C. Conflicts of Interest

A conflict of interest may occur when an outside interest of any sort—whether personal, family, friend, or other business relation—influences or affects your ability to act in the best interest of NFP. It is imperative that you avoid even the appearance of any type of conflict in your position with the Company. In the following paragraphs, we have tried to give a partial list of the types of conflicts that can arise.

1. Family and Friends

Often, we are placed in a situation where we have the potential to have business dealings with family or friends. Such dealings are not necessarily unethical, but it is important to make sure that all business dealings are on commercially reasonable terms. You must tell your supervisor, the President, the Legal Department, or the Human Resources Department about the relationship before entering into any contractual arrangements with family or close personal friends.

2. Subcontractor, Supplier, Vendor Gratuities

You should never give or receive gifts of money. The purpose of gifts and entertainment is to create good will. Gifts are unacceptable if they make you feel obligated to “pay back” the gift by giving business information or other improper preferential treatment in return. Where a gift may create a payback obligation, the gift may be perceived as being a bribe or a “kickback.” NFP’s policy in this circumstance is that its employees should never give, solicit, or accept a gift that creates a “pay back” obligation on your part. This standard, more than most, requires you to use your good judgment and common sense. You may accept the following without advance approval:

- ▶ Food and entertainment of modest, reasonable value consumed in the presence of the business contact when received in the course of soliciting, conducting, or maintaining business relationships.
- ▶ Unsolicited advertising or promotional materials such as pens, pencils, calendars, and other items of nominal value (not to exceed \$100 annually).
- ▶ Gifts based on social relationships where the cost is borne by the giver personally, no Company or business expenses are involved, the value is reasonable in light of the social relationships involved, and no active business negotiation or dispute exists between the Company and the individual or entity represented.
- ▶ Limited invitations to local sporting events or local golf outings or charity events sponsored by the supplier or subcontractor, provided you first advise in advance your supervisor, the Legal Department, or the Human Resources Department.
- ▶ You should not solicit, for your personal use or benefit, services or materials from any of our subcontractors, suppliers, or vendors for free or at substantially discounted rates below the subcontractor’s, supplier’s, or vendor’s actual cost.

3. Inside Information

During the course of your employment with NFP, you may be exposed to confidential, nonpublic information concerning business transactions or other companies. You may not use any such information for your own financial gain, nor can you provide that information to any others for their financial gain. In addition to being unethical, it may be a violation of state or federal law.

4. Outside Interests

NFP prides itself on employing dynamic people of many and varied interests. We all must use caution to ensure that those interests, particularly financial interests, do not create a conflict of interest. This can occur when you hold an investment or a position in another company that either does business with NFP or is one of our competitors. In any such situation, you should first advise your supervisor, the President, the Human Resources Department, or the Legal Department that you hold an interest of this kind.

D. Competition

We engage in competition successfully every day. It is the foundation on which our Company is built. There are basic rules of fairness and ethical behavior, as well as laws and regulations, that govern the manner in which we compete.

1. Gratuities—Non-government Employees

You may not give gifts of money to anyone.

Individual employees should not give gifts or gratuities to employees of potential upstream contractors, owners, architects, or any personnel of government agencies. It is not necessary or permissible for Company employees to resort to offering gifts or other personal inducements in an effort to gain a competitive advantage. We will win our contracts ethically and through fair pricing for good work.

The provisions of the Federal Anti-Kickback Act also are applicable to Company employees where the Company is acting in the capacity of a subcontractor or supplier to another government contractor. Under the Federal Anti-Kickback Act, Company employees are prohibited from offering or giving anything of value to an employee of another government contractor that is serving as a prime contractor or higher tier subcontractor to induce or reward the award of business to the Company. You may not provide services or materials to government contractors or government officials. Under our policy, no Company employee, regardless of the intent or purpose, may offer or give anything of value to another government contractor employee or to any private commercial client employees unless that employee first obtains approval from his or her supervisor, the President or the Legal Department.

The Company policy on entertainment and gifts forbids any individual employee from providing any entertainment or gift that objectively would be viewed as creating, or intending to create, a feeling of obligation on the part of the recipient to favor the Company, including but not limited to providing services or materials free of charge or below cost. This policy is not intended to interfere with reasonable entertainment or promotional activities that are an acceptable part of the courtesies normally extended to non-government commercial customers. You may give the following without advance approval to non-government employees:

- ▶ Food and entertainment of modest, reasonable value consumed in the presence of the business contact when received in the course of soliciting, conducting, or maintaining business relationships.
- ▶ Advertising or promotional materials such as pens, pencils, calendars, and other items of nominal value (not to exceed \$100).
- ▶ Gifts based on social relationships where the cost is borne personally by the giver, no Company or business expenses are involved, the value is reasonable in light of the social

relationships involved, and no active business negotiation or dispute exists between the Company and the individual or entity represented.

2. Gratuities—Government Employees

You may offer light refreshments such as coffee, soft drinks, or donuts to a government employee during a meeting. Apart from light refreshments at such meetings, do not offer any gratuity, meals, services, or materials to a government official or employee at any time or under any circumstance. If any government official seeks or solicits such materials or services from you, you should immediately notify the President, the Legal Department, or the Human Resources Department.

3. Trade Secrets

Some of us know people who work for our competitors or might have access to information possessed by our competitors. We must never appropriate or use in any manner confidential information or trade secrets of our competitors. If you ever obtain such information, please provide it to our Legal Department so it may be properly disposed of.

4. Unethical Behavior

The hallmark of competition is fairness. It is critical to your own reputation and to the Company's reputation that you avoid even the appearance of impropriety when competing for contracts. If you are solicited to engage in any type of unlawful or unethical conduct in order to win a contract, you should not do so. Instead, you should immediately report your concerns to your supervisor, the President, the Legal Department, or the Human Resources Department.

5. Competition and the Antitrust Laws

The Company has established a tradition of competing vigorously, but fairly. One of the primary elements of vigorous competition is the exercise of independent business judgment, unrestrained by any agreements or understandings with competitors. It is the policy of the Company that all pricing and marketing decisions be the product of that independent business judgment. In keeping with this policy, no employee may enter into any agreement or understanding of any kind with an actual or potential competitor regarding the decision to submit a proposal for the award of work, the pricing of that proposal, or any other term or condition by which the Company proposes to provide goods or services to a customer.

Any violation of this Company policy requiring this exercise of independent pricing and marketing judgment could also constitute a violation of federal and state antitrust laws. A violation of those laws can have both civil and criminal consequences, including imprisonment of individual offenders. It is important to recognize that even discussions of pricing and marketing matters between competitors that do not result in an express agreement or understanding can constitute a violation of the antitrust laws in some circumstances. Therefore, it is equally important that Company employees maintain Company pricing and other sensitive competitive information in strict confidence. No employee may furnish any competitor, either directly or indirectly through a third party, any current or future pricing information, or information concerning other contract terms or conditions. This prohibition also extends to the receipt of such price or price-related information from a competitor.

However, the prohibition is not intended to diminish legal and ethical efforts to obtain information about a competitor that is available in the marketplace. Thus, for example, if a

general contractor advises you of a competitor's current pricing for a particular scope of work for the purpose of negotiating a lower price quotation for the Company's performance of that scope of work, no antitrust violation results from this communication (i.e., bid shopping). If you make a record of this information, however, it is important that the record clearly identify the customer as the source of the information. Also, while the antitrust laws may not prohibit this kind of market intelligence gathering, Company employees should be mindful that the disclosure of competitors' pricing information by certain third parties, such as government procurement officials, may violate federal procurement laws. This subject is addressed in the Procurement Integrity section of the Manual.

This Company policy requiring the exercise of independent business judgment is not intended to interfere with the formation of joint ventures with other contractors that are conducted under the terms of written joint venture agreements.

E. Bidding Practices

Almost all of our new work derives at least in part from some form of competitive bidding. In our government contracting, bidding can take the form of competitive sealed bids or negotiated requests for proposals. A number of very important laws and regulations govern our bidding practices on government jobs. They are too numerous and too complex to fully review them in this Manual, but we will try to summarize them.

1. Procurement Integrity Act

The federal procurement process received intense scrutiny in the 1980s. Even prior to the 1988 Operation III Wind scandal that led to the prosecution and conviction of major defense contractors and their employees, Congress and the media had investigated reports that some government contractors were improperly obtaining confidential procurement information, or had attempted improperly to influence the outcome of a procurement, through the use of consultants and otherwise. Now, government contractors who participate in the federal procurement process are subject to the strict prohibitions of the Procurement Integrity Act ("the Act").

Enacted in 1989, the statute contains numerous prohibitions, which fall into two broad categories. Under the first category, the Act prohibits competing contractors, at any time during the conduct of a procurement, from soliciting or obtaining, directly or through a third party such as a consultant, proprietary or source selection information. The Act contains a lengthy description of when the conduct of a procurement begins and it will surprise many contractor employees to learn that a procurement "begins" under the Act as early as the drafting of a specification, statement of work, or a solicitation.

The Certificate of Procurement Integrity is something that must be executed and submitted with every bid to the federal government. In seeking a federal contract or a contract modification, it is illegal for a bidder to directly or indirectly discuss future employment or business opportunities with any procurement official of the governmental agency; it is illegal to offer, give, or promise, directly or indirectly, any money, gratuity, or item of value to any procurement official of the governmental agency; and it is illegal to obtain or try to obtain from the procurement official or any third party any proprietary or source selection information relating to the procurement. Proprietary information belonging to a competing contractor is relatively easy to identify in this context, and regulations have been issued to further describe it as information submitted to the government by a company, in a bid or proposal, and marked "proprietary." On the other hand, source selection information is a term less familiar to most contractor employees. Again,

government regulations provide some guidance. According to the regulation, source selection information is any information developed by the government for use in a procurement where that information is required by statute, regulation, or court order to be secured in a government file so as to prevent disclosure. There are many kinds of documents constituting source selection information, whether or not they are designed as such, including bid prices, proposed costs, source selection or technical evaluation plans, evaluations of contractors' proposals, competitive range determinations or rankings, and reports of evaluation panels or boards. The Certificate of Procurement Integrity is a document executed by a senior company official responsible for the bid certifying that no employees of NFP have violated these prohibitions. Therefore, it is critical that each of us be aware of and abide by them.

2. Truth in Negotiations Act

The Truth in Negotiations Act requires that pricing information we use in submitting proposals for negotiated contracts, or certain proposals to modify existing fixed-price contracts, be accurate, current, and complete. If it is not, it might be deemed by the government to be defective. If the government claims that defective pricing is based on willful or deliberate actions, the Company and the individual can be exposed to criminal sanctions and potential debarment from government contracting. In providing this pricing information to the government, the Company is not required to guarantee that its future costs of contract performance will be as projected. However, a contractor, in negotiating contracts or modifications, must submit to the government current accurate and complete factual data that the contractor is using to project the future costs of contract performance. Misrepresentation of data, nondisclosure, failure to use the latest vendor prices or labor rates—all can be examples of deliberate defective pricing. You may not inflate or misstate the expected cost of doing the work. You may include reasonable contingencies when pricing the work.

Any questions you have concerning the laws or regulations that govern your bidding practices should be directed to the Legal Department.

3. Contingent Fee Arrangements

All federal government contracts (and some state and local contracts) require NFP to represent that no person or agency has been employed to solicit or obtain the contract for a contingent fee. If this representation is violated, the government may cancel the contract or deduct from the price the full amount of the fee. Although there are limited exceptions for a "bona fide employee or agency," NFP's Legal Department must be consulted in advance to determine whether the exception applies.

4. DBE Arrangements

Any use of minority, woman-owned, or other disadvantaged status subcontractors or suppliers to meet disadvantaged business enterprise (DBE) compliance requirements must be done so in a fair, transparent, arms-length manner. When entering into DBE relationships in order to meet statutory, regulatory, or contractual requirements, such arrangements should be reviewed and approved by senior NFP management, the Human Resources Department, and/or the Legal Department.

F. Pricing and Billing

All persons who are involved in pricing and billing must make a special effort to know and follow all governing laws and regulations, as well as all Company policies. It is important that

you do not make any misrepresentations when you price and bill any item on behalf of the Company, including proposals for new work, applications for payment, or change order proposals.

The consequences for the Company when an employee makes false representations to a government customer, or causes representations made by other employees to be false, are enormous. Not only is it illegal to knowingly or recklessly make false statements to government customers, it is bad business to engage in such conduct. In the short run, the Company may lose the trust and confidence of its customer as a result of the false or misleading statements. In the long run, because a suspension or debarment proceeding may result from such unethical conduct, the Company could literally lose its license to do business with the government.

Government contractors must be able to demonstrate to the satisfaction of the government that they are “responsible.” This term means not only that the contractor is capable of performing the particular work required by the government, but also that the contractor has integrity. Responsible contractors—those that conduct business with integrity—do not provide false information to the government.

1. Billings

For these reasons, the Company will not tolerate the knowing communication of false billings information to customers, or the making of statements to customers with a reckless disregard for the truth of the statements. Billing statements often are included in printed requisition forms provided by the general contractor or owner. This Company policy requires employees to be diligent in ensuring that the Company’s billings, certifications, and other representations made to our customers in order to obtain payment are accurate and complete. To accomplish this objective, employees must accurately and completely record information in the Company files and data repositories from which our customer billings and other statements are prepared.

2. Time Sheets

If employees are charging time to a project based on actual hours maintained on a time sheet, it is important that the time sheet be accurate. This is especially important for employees who are working on contracts being performed on a cost-reimbursable or time and materials basis, or where those time sheets form the basis for change order proposals. The time sheet entries must reflect the actual projects or contracts on which the employee is working. It is never permissible for an employee to work on one project while charging time to another.

3. Expense Reports

Employees whose duties require them to incur business travel, meals, or other work-related expenses are familiar with the Company’s expense report requirements. In general, the Company will reimburse employees only for expenses that are directly related to or associated with the Company’s business. Certainly, personal expenses may not be charged as business expenditures. This prohibition arises not only from the obligation to use Company resources properly, but also because certain business expenses are included in the calculation of the Company’s indirect costs and overhead rates. These costs and rates sometimes are the subject of representations made by the Company to the government in the negotiation of contracts. Therefore, it is essential that the expenses included in the calculation of these costs and rates be allowable business costs only, and not inappropriate charges such as personal expenses. In addition, all business expenses must be reported accurately and documented completely.

G. Prompt Payment Act

On all federal government projects, payment is governed by the Prompt Payment Act. Many states have similar statutes. Under the federal Prompt Payment Act, once payment is received from the federal government, payment must be made to subcontractors within seven days, even if the subcontractor has not requisitioned the monies. Retention cannot be withheld by the Company from a subcontractor in an amount greater than that withheld from the Company by the government. If the Company wants to withhold retention from a subcontractor, it must leave that retention amount with the government.

Every requisition to the federal government contains the following certification:

I hereby certify, to the best of my knowledge and belief, that—

- (1) The amounts requested are only for performance in accordance with the specifications, terms, and conditions of the contract;
- (2) All payments due to subcontractors and suppliers from previous payments received under the contract have been made, and timely payments will be made from the proceeds of the payment covered by this certification, in accordance with subcontract agreements and the requirements of chapter 39 of Title 31, United States Code;
- (3) This request for progress payments does not include any amounts that the prime contractor intends to withhold or retain from a subcontractor or supplier in accordance with the terms and conditions of the subcontract.

First, this certification states that the Company has passed on to its subs and suppliers amounts already paid by the government. If you have not done that, you may not sign the certificate. You must either return the amounts received—but not paid to the sub—or with the government's agreement, credit the amount not previously paid in the current payment request.

Second, if you intend to hold on or retain money to induce a sub to perform, you may not sign the certification. You simply must not bill the government for the amounts you intend to withhold. If you decide to withhold after you submit the payment request, you must return the amounts you intend to withhold, or agree with the government that you will credit such amounts in the next requisition.

Neither the Prompt Payment Act, nor the federal contract clause implementing the Act, states how a contractor deducts a back charge from amounts received. As a result, the Company has to be particularly careful in deducting back charges from amounts paid on behalf of the sub. You may deduct such amounts, but you need to explain in writing with the payment request why you are taking the deduction. Unlike retaining or withholding money to induce a sub to perform, a back charge reimburses the Company for performing work the sub failed to perform. Thus, before any back charge can be deducted from the payments received, you must have performed the work through the Company or some other party. You should have a clear paper trail documenting notice to the nonperforming sub, the costs of the work, and a unilateral change order assessing the back charge before you notify the government of the Company's intention to deduct the amount from payments received on behalf of the subcontractor.

H. Defective Work/Product Substitutions

The language of the progress payment certification states that “The amounts requested are only for performance in accordance with the specifications, terms, and conditions of the contract” Thus, you may not bill for nonconforming work. If the Company or its subs knows that remedial work needs to be performed on completed work, the payment requisition documentation must show that an amount has been withheld from the requisition to cover the cost of the remedial work. Thus, you will not be billing for “defective work.”

Particular attention must be paid to Buy American Act standards in federal contracts. These requirements are complex. You must consult with your direct supervisor, the President, or the Legal Department before deviations from the Buy American Act are proposed or implemented. You should never misrepresent the origin of any materials supplied.

Any employee who knowingly or recklessly fails to meet government contract specifications or testing requirements exposes himself or herself and the Company to severe sanctions. There are several federal statutes used by the government to enforce compliance in this area, including the False Claims Act and the False Statements Act, both of which prescribe prison sentences and fines. Under the Civil False Claims Act, civil penalties also can be imposed upon the Company and individual employees who engage in any such violations. There can be violations of these federal statutes even where the quality of the untested product, or the product containing substituted materials, is not diminished. Likewise, it is no defense that knowing or reckless deviations are minor, or that the deviations are consistent with widespread industry practice. Simply stated, in this area of government procurement law, strict compliance is the only acceptable course, and Company employees are expected to meet that high standard of conduct.

I. Claims and Audits

Occasionally, we will submit a claim for additional compensation on a project. On almost all public jobs, the claim will have to be certified by a senior company official. It is critical that you ensure that any claim that must be certified is reviewed and approved by the Legal Department before it is submitted. Significant civil and criminal sanctions can attach to a certified claim that turns out to be false.

No Company employee is permitted to execute a claim certification without the prior written approval of the Company’s Legal Department.

In response to a claim, a public agency often will conduct an audit of the claimed costs. All audits should be conducted under the supervision of your Division President, Division Controller, or the Legal Department.

J. Security of Information and Property

NFP at times has performed and will perform work on classified government projects. It is important that we all respect and protect the confidentiality of all data on any classified government project.

In addition, NFP has developed a significant amount of proprietary data over its 20-plus year history that helps us stay at the top of our industry. Any data that has been developed by the Company—for example, our project manager's manual, our estimating data, our labor management data—must be kept strictly confidential and should not be disseminated to anyone outside the Company.

Finally, we all must make a conscious effort to respect the property of our fellow employees. Please refrain from going through the personal belongings of other employees at all times. Obviously, theft of any other person's belongings, even the most minor theft, will not be tolerated.

All questions related to security *must* be directed either to the Human Resources Department or the Facility Security Officer.

K. Records Retention

NFP has a records retention policy that must be followed. The policy can be obtained from the President, the Legal Department, or the Human Resources Department. No employee should destroy any documents without following the rules in this Manual.

No employee may destroy or alter any electronic or written records relating to a pending or anticipated litigation, audit, or investigation.

L. The Environment

NFP is an environmentally conscious contractor. Many of the Company's contracts with government agencies specifically require that we comply with laws regarding protection of the environment. Laws such as the Clean Water Act and the Clean Air Act are often incorporated into our contracts, though such references may be buried in the fine print of the contract and not readily apparent. Nevertheless, by submitting invoices to the government for payment on these contracts, we are certifying to the government that we are in compliance with these laws. Such certification must be accurate.

The Company takes seriously its responsibility to protect the environment. If any Company employee is aware of an instance in which the Company is not in compliance with governing environmental laws and/or has submitted a false certification to the government, intentionally or not, that employee must notify his or her supervisor, the President, or the Legal Department.

Supervisors or managers may be held individually liable for the conduct of those under their direction, whether or not the supervisors or managers personally participated in the conduct. It is, therefore, important that you understand the requirements of environmental laws applicable to your work and fully comply with those requirements.

Additionally, common sense should tell you that dumping or discharging toxic substances, oil, cleaning materials, etc., into the ground or any waterways or drainage facilities can create liability for you and the Company.

M. Our Workplace

Our workplace environment is very important. You must not discriminate on the basis of age, color, race, religion, disability, sex, national origin, or sexual orientation. We must not harass or allow our agents, customers, or suppliers to harass NFP employees (harassment means verbal or physical abuse, unwelcome contact, advances or propositions, displays of offensive materials [e.g., obscene screensavers], or other acts that create a hostile work environment). We must not make racially insensitive remarks. We must not allow unsafe working conditions or environmental hazards to go unreported to a supervisor. We must not make threats of violence, engage in acts of violence, or otherwise intimidate other employees.

N. Safety and Drug Policies

NFP has strict policies governing safety and drug use. You must be familiar with all of our safety and drug policies. They are for your benefit and well-being. You may not possess, distribute, manufacture, or transport on Company property, or on Company business, or during working hours, any illegal drugs, equipment or paraphernalia related to illegal drugs, prescription drugs other than by those for whom they were prescribed, or alcoholic beverages, except as specifically authorized for Company functions. You may not use or carry any lethal weapons or allow any suppliers, customers, or contractors to use or carry lethal weapons on company property (unless they are police officers, security guards, or others with prior written consent from the Company).

O. Offers of Employment

Complex rules govern the circumstances under which a U.S. government employee may discuss potential future employment with private sector employers. You should obtain guidance from NFP's Legal Department or the Human Resources Department before discussing employment opportunities at NFP—even preliminarily—with U.S. government employees. In addition, former government employees may be subject to certain restrictions as to what work they may perform in the private sector.

P. Political Contributions

No employee may unilaterally provide Company resources or Company money to political candidates, parties, or political committees. Such activities must be approved by the Company's President or by the Legal Department.

Q. Public Statements

No employee should make any statements to any reporter, investigator, or outside party without prior notice and approval of the President or the Legal Department.

V. ASSISTANCE AVAILABLE TO YOU

A. Where to Ask Questions

Whenever you have a question or concern over something referenced in this Manual, you need advice, or you wish to report a violation, you can seek assistance in a number of ways. They include the following:

- ▶ You can ask your immediate supervisor. If your supervisor does not know the answer, he or she will know who to refer you to.
- ▶ You can ask NFP's Division President.
- ▶ You can ask our Legal Department. At any time and for any reason, you can call Charles Mitchell, General Counsel, at (301) 738-8876, or Caryl Shuham, Corporate Counsel, at (954) 739-8100.
- ▶ You can call the Human Resources Department, at (301) 340-6500 or (301) 424-3410.
- ▶ You can call our Help Line, (866) 255-5462.

Any procedure that is established to facilitate reports of ethical conduct violations or wrongdoing is subject to abuse. It is improper for any employee to utilize the reporting and

investigation mechanism to harm another employee through false accusations, or the repetition of unfounded rumor or innuendo. If it is established that an employee attempted to abuse the reporting and investigation mechanism in this manner, that employee will be subject to discipline.

B. How to Report Violations

Reporting violations of the policies in this Manual is one of the most difficult things anyone can do, but it also is the most important. The Company recognizes that it receives substantial value from such reports that facilitate the early detection and correction of wrongdoings or mistakes. You can report a violation of this Manual in any of the following ways:

- ▶ You can report the violation verbally to our Legal Department by calling one of our in-house attorneys at the telephone numbers referenced above.
- ▶ You can report the violation verbally to our Human Resources Department at the telephone numbers referenced above.
- ▶ If you do not want to report the violation to our Legal Department or our Human Resources Department, you can call them anonymously and ask for the number of one of the Company's outside attorneys. If you choose to contact one of our outside attorneys, all matters will be held in confidence and your request for anonymity will be respected.
- ▶ You can call our Help Line, (866) 255-5462.
- ▶ You can report the violation in writing by addressing your letter to National Fire Protection, LLC, Attn: Legal Department or Attn: Human Resources Department, 515 Dover Road, Suite 2600, Rockville, Maryland 20850. Mark the envelope "Confidential."

C. Retaliation/Confidentiality

It is NFP's policy to ensure that no retaliation occurs as a result of any employee raising a business conduct issue or reporting a violation of the law or of NFP policy. NFP will also make every effort to protect the confidentiality of individuals who report violations of the law or Company policies, although it may not be possible to do so in every case, if, for example, disclosure is required by law.

VI. DISCIPLINARY STANDARDS

A. The Company's Discretion

All violations of this Manual must be addressed in a direct and serious manner. Even if you inadvertently violate one of the standards in the Manual, you must report the violation. The potential disciplinary standards that are available to the Company for a violation of the Manual are listed below. The Company retains the sole and final discretion to select an appropriate sanction for each violation, which will depend on the nature of the violation, the early and voluntary reporting of the violation, the degree of willfulness by the violating person, and any other relevant facts.

B. Sanctions Available to the Company

Once a report of a suspected or potential ethical conduct violation is received by the President, the Legal Department, or the Human Resources Department, the Company shall promptly conduct a full investigation of the conduct at issue. To the extent it is consistent with a thorough investigation of the report, the identity of the employee(s) about whom the report is made will be kept confidential unless and until it is determined that an ethical conduct violation has occurred. Employees whose conduct is the subject of an ethical conduct investigation will be informed of

the alleged violation, and will be given an opportunity to explain the conduct at issue. A violation of the Company's ethical conduct standards will result in the imposition by the Company of one or more of the following sanctions, as determined by management to be fair and appropriate in each particular case:

- ▶ A verbal or written warning.
- ▶ A verbal or written reprimand.
- ▶ Probation.
- ▶ Demotion, which could include a pay cut.
- ▶ Temporary suspension without pay.
- ▶ Termination of employment.
- ▶ Reimbursement by the disciplined employee of any losses, fines, or damages.
- ▶ Criminal prosecution of, or civil action against, the employee.

It is the Company's policy to pursue progressive discipline. A record of any disciplinary measures imposed will be maintained in the employee's personnel file, and the employee will be placed on notice that a future ethical conduct violation will result in a more severe sanction, including, in the appropriate case, discharge. However, some ethical conduct violations are of such a serious nature that discharge is warranted even for a first offense.

VII. LIMITATIONS

This Manual is intended to help you in your day-to-day responsibilities for the Company, but it is not intended to provide an all-encompassing summary of the laws, regulations, and company policies that we all must follow. It does not limit your responsibility to follow all laws, regulations, procurement policies, and Company policies. It is not intended to be, nor should it be construed as, an employment contract.

Nothing contained in this Manual is intended to create any contractual obligations between NFP and any third party.

We appreciate your continued support and loyalty to NFP and we wish you good luck in all of your endeavors, both professional and personal.