

# **ABHE & SVOBODA, INC.**

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## **Compliance Program Manual**

### **Core Values & Compliance Guidelines**

**January 31, 2021**

# Message from the President

Consistently acting with integrity builds credibility and a highly respected reputation. Integrity and credibility are immeasurable corporate assets, which when lost can be most difficult to regain. We have come a long way since our founding in 1969 and incorporation in 1973, and we continue to aspire to a reputation, not only as an exceptional place to work, but also as a company that can be trusted to do the right thing.

Our Compliance Program includes our eight ethical Core Values that have been found to be timeless and appropriate to any situation. These Core Values, as well as our Compliance Guidelines, should be read, acknowledged, and followed by every Abhe & Svoboda, Inc. (ASI) employee.

I believe that our commitment to our Core Values has been the foundation for our success spanning almost a half century, and I believe it is vital to our future success as well.

While this Compliance Program does not address every issue you will encounter, it reviews the basic principles, company policies, and some of the laws that govern our business. We are expected to use good judgment and consult with management or refer to our Code of Conduct and this Manual if we are uncertain of the correct action to take. Under no circumstances should any employee commit an unethical or illegal act under the false pretense of it being in the company's best interest.

From time to time, ASI may unilaterally, in its discretion, amend, supplement, modify or eliminate this Compliance Program, with or without prior notice. However, ASI will attempt to provide advance notice prior to the implementation of any such changes or modifications by distributing such changes to you.

As a condition of your employment, please read, understand, and then sign the *Certification* found at the back of this document and submit it with your I9, W4, and any other required documents on your first day of employment. As you aspire to live the values and policies expressed in this Manual, you may discuss any questions you have with your supervisor or manager or with our Corporate Compliance Officer.

I am fully committed to working with you to create this legacy for future generations.

Sincerely,



Gail Svoboda, President  
January 31, 2021

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# Introduction

Simply put, this Compliance Program and our Code of Conduct are our standard of behavior. That standard is how we deal with each other and how we treat everyone with whom we interact in our daily business. Honoring and maintaining this high standard of conduct will help ensure that all company stakeholders will be well served and our reputation will be enhanced.

You are an important member of the Abhe & Svoboda, Inc. team, and you are expected to embrace this Compliance Program. You and your coworkers also have a duty to hold each other accountable to this high standard of behavior. As an aid, use the following *Ethics Check* as a guide during decision making:

- Is your behavior/proposed action legal? Does it comply with the law and company policies?
- Is your behavior/proposed action something you would like to see published in the newspaper?
- Is your behavior/proposed action something you could comfortably explain to your children?

In short, will your behavior or decision allow you to look in the mirror and feel proud about what you are doing? If the *Ethics Check* raises doubt, you have an obligation to seek guidance from your supervisor or manager, our Corporate Compliance Officer, Tom Stockert at 952.447.0777 during business hours or 612.910.6587 outside business hours.

Moreover, all supervisors and managers have the additional responsibility to lead by example, to train their team, and to enforce these standards.

The Compliance Program consists of two sections: Core Values and Compliance Guidelines. Our Core Values are part of our heritage and are fundamental to who we are as an organization. Core Values are the basis for our decision making. The Compliance Guidelines address some specific areas of concern, either due to the company's business focus or applicable legal requirements.

# Core Values

Abhe & Svoboda, Inc.'s Core Values represent who we are and provide, without question, the standard of behavior by which we conduct business. These values are the heart, soul, and character of our company. Our Compliance Program embodies the vision of our founder and encompasses the values that have been and will continue to be vital to the future success of the company. Our Core Values represent how we treat each other, how we deal with our customers, how we respond to our stakeholders, and how we hold each other and ourselves accountable. This is the legacy we will leave for generations to come.

The following eight ethical Core Values represent the cornerstone of our Compliance Program. While achieving these high standards may be difficult, we nonetheless aspire to live our lives and conduct our business with:

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Honesty  
Integrity  
Fairness  
Accountability

Consideration of Others  
Pursuit of Excellence  
Reliability  
Citizenship

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## Honesty

- Be truthful, accurate, and straightforward.
- Be candid and non-deceptive in your communication and conduct.

## Integrity

- Maintain consistency between your beliefs and your behavior - walk your talk!
- Have the courage to contend boldly for that which is right and reject firmly that which is wrong.

## Fairness

- Endeavor to be reasonable, open-minded, impartial, even-handed, and non-discriminatory in all your dealings.
- Genuinely partner and actively collaborate within and outside the company.
- Maintain, without deviation, an attitude of sincerity, tolerance, consideration, and assistance towards others, regardless of position.

## Accountability

- Accept responsibility for your own actions or inactions and for those whom you supervise.
- Take prompt, constructive steps to correct mistakes or defects.
- Promote teamwork by holding each other accountable - rejecting behaviors inconsistent with this Compliance Program.

## Consideration of Others

- Practice the principles of the Golden Rule.
- Respect the dignity, rights, safety, and personal property of others.

- Be open to the ideas and opinions of others.
- Exercise patience and remain positive under all circumstances.
- Assure that those whom you supervise are not put in compromising situations.

### Pursuit of Excellence

- Consistently apply diligence, perseverance, attention to detail, and good work habits to ensure quality projects, products, and excellent customer service.
- Build capabilities through continuous learning, coaching, mentoring, and teaching.
- Never accept complacency or indifference.
- Remain flexible and open to possibilities.

### Reliability

- Only make realistic commitments and follow through on the commitments you make.
- Be prompt and responsive in business dealings within and outside the company.

### Citizenship

- Comply with all governmental laws, rules, and regulations.
- Show consideration for the safety and welfare of everyone, including our natural environment.
- Respond to the impact our work has on the natural environment by consistently evaluating and improving our efforts so that our projects and processes work in harmony with the environment.
- Cultivate an organization that actively encourages us to be the best of who we are and continuously strives to make a difference in our communities and in the world.

# Compliance Guidelines

Abhe & Svoboda, Inc.'s board of directors has endorsed a strong Compliance Program for our company. Our Chief Financial Officer, Tom Stockert at 952.447.0777 during business hours or 612.910.6587 outside business hours, has been designated as our Corporate Compliance Officer with responsibility for this Program. Each of us has a responsibility to help assure that our company always does the right thing and complies with the law.

The company is subject to federal, state, and local laws and regulations. Management is committed to following not only the letter of these laws, but also the spirit. Beyond this, however, we are also committed to acting ethically. Following are some of the areas that apply to the company and its directors, officers, and employees. Our Compliance Program does not cover everything you need to know about your conduct as an employee. It is, however, a cornerstone for our commitment and a reference for other policies that provide more specific information.

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**This Compliance Program does not alter your status as an at-will employee. Your employment at Abhe & Svoboda, Inc. is at will.**

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“At will” means that you are free to leave your employment at any time, with or without cause or notice, and Abhe & Svoboda, Inc. retains the same right to end your employment at any time, with or without cause or notice. No one has the authority to make representations inconsistent with this policy. Rather, this Compliance Program helps each of us to know what is expected of us to make sure we always act ethically.

## Standards of Conduct in Business Transactions

Accounting rules are important to any business that must report financial results to those outside the company, which can include banks, bonding companies, and regulatory agencies. Abhe & Svoboda, Inc. follows Generally-Accepted Accounting Principles.

Consult with your supervisor or manager if you have a question about how a task should be done. Several general rules that apply to all directors, officers, and employees include:

### General

- All who act for the company must comply with applicable federal, state, and local laws, rules, and regulations.
- Use of company funds or property for any purpose that is in violation of applicable laws or company policy is prohibited.
- Employees, officers, and directors are prohibited from competing with the company and from personally taking for themselves opportunities that occur in the course of company business, such as using corporate property, equipment, information, or position for personal gain. Employees, officers, and directors owe a duty to the company to advance its legitimate interests when the opportunity arises.

- The use of company equipment, materials, or other resources for other than company business (for example, charitable or personal work) must be approved in advance by your supervisor or manager. They may never be used in a way that harms the company.
- Employees, officers, and directors must maintain the confidentiality of information entrusted to them by the company or its customers, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the company or its customers, if disclosed.
- Each employee, officer, and director should deal fairly with the company's customers, suppliers, competitors, and employees.

## Accounting and Financial Disclosures

- All directors, officers, and employees must act in good faith, responsibly, with due care, competence, and diligence, without misrepresenting material facts or allowing their independent judgment to be subordinated.
- All funds must be properly recorded on company books and records.
- All information disclosed in our reports (including those submitted to outsiders) will be full, fair, accurate, timely, and understandable.
- The company will comply with the rules and regulations of federal, state, and local governments (including all applicable tax laws and regulations), and other appropriate private and public regulatory agencies.
- The behavior of one unscrupulous person can devastate a company. That is why it is critical to report known or suspected violations of our Compliance Program, Code of Conduct, or the law to your supervisor, manager, our Corporate Compliance Officer Tom Stockert at 952.447.0777 during business hours or 612.910.6587 outside business hours to raise any concerns or questions regarding accounting controls and other accounting or auditing matters. Such calls will be treated confidentially, consistent with the company's need to conduct thorough investigations, to comply with the law, and to cooperate with governmental authorities.

## Managing Company Records

Maintaining records is essential to our work, and care must be taken to ensure that records are managed properly. These principles should guide us:

- **Maintain records specifically required by law.** Some laws have specific record-keeping requirements and we must faithfully maintain all records required by law.
- **Be alert to the need for accuracy, especially when documents are produced for an official purpose.** Employees should always try to ensure the accuracy of records, but this becomes especially important when records or documents are produced for an official purpose, such as litigation or a government inquiry. Providing false or misleading records is wrong under any circumstances - doing so when records are produced or maintained for official purposes is a serious violation of law.
- **Retain any records related to litigation or an investigation.** If there is an investigation or litigation or one is anticipated, it is essential to retain any related records.
- **Keep only what is required under our record retention policies.** While records must be maintained, every business needs an orderly process for retaining and destroying records and documents. Consult our record retention policies to ensure that we do not maintain unnecessary documents.

## Government Inquiries or Investigations

From time to time our employees, officers, and directors may come into contact with government officials responsible for enforcing the law. Dealing honestly with government officials is always the rule – no exceptions. Any information provided that relates to your duties at Abhe & Svoboda, Inc. must be completely honest and truthful.

At the same time, you should take care in dealing with the government that all appropriate steps are taken. You should always contact our Corporate Compliance Officer immediately upon receiving a request for information from a government agency.

If there is a pending or potential government inquiry or litigation, be sure that any records relevant to the inquiry or litigation are faithfully preserved. Do not assume that this will just happen - take whatever affirmative steps are necessary, including suspension of automatic disposal of electronic records. Consult our Corporate Compliance Officer for advice.

## Construction Business Standards

The way each of us conducts the company's business influences how other people (customers, subcontractors, suppliers, the public, regulators) perceive us. Some of the standards that we as a company subscribe to include the following:

- Fair treatment of subcontractor and supplier quotations: Prior to bid, all quotations the company receives are considered confidential, proprietary, and for internal use only.
- The company subscribes to the principles embodied in the implied covenant of good faith and fair dealing. In essence, the covenant requires that both the company and whomever we contract with be faithful to the agreed common purpose of the contract. A practical implementation of the covenant is the formal partnering process.
- Each customer comes to us with a different expertise in construction and contracting. For example, each employee who provides quotes to customers has a responsibility to ensure quotes and any subsequent work meet the customer's needs expressed at bid time.

Questions that arise should be referred to your supervisor or manager, or to the Abhe & Svoboda, Inc. Compliance Officer, Tom Stockert, at 952.447.0777 during business hours or 612.910.6587 outside business hours.

## Conflicts of Interest

All employees, officers, and directors must be free of outside influence or interests which conflict with their duty to act in the best interests of the company in business relationships and dealings. Employees will deal with owners, suppliers, customers, subcontractors, and all others without favor or preference. A “conflict of interest” occurs when an individual's private interest interferes in any way with the interests of the company as a whole. A conflict situation can arise when an employee, officer, or director takes actions or has interests that may make it difficult to perform his or her company work objectively and effectively, including situations when there only appears to be a conflict as to others. Conflicts of interest also arise when an employee, officer, or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the company.

Employees may engage in outside employment (including self-employment) or any non-employment activities while working for ASI so long as such activity does not conflict with your commitments to ASI or with ASI's interests.

Outside activities that:

- involve individuals or organizations that are doing or seeking to do business with the company, or
- involve expertise consistent with ASI's operations (expert witness, consulting, estimating, management, etc.)

must be expressly authorized in writing by ASI's President. Approval is required for each employment or contract arrangement and submitted to our Corporate Compliance Officer for annual monitoring.

Please notify your supervisor if you are considering outside employment. ASI may object to outside employment activities if it feels the outside employment violates this policy. ASI's work requirements, including any Company overtime, must take precedence over any outside employment.

When dealing with individuals or organizations that are doing or seeking to do business with the company, employees, officers, and directors:

- may not accept cash or any cash equivalent, any gift or offer that would be illegal, anything which is part of a “quid pro quo” (*i.e.*, something given in return), or any payment, loan, or service;
- may never solicit anything of value;
- may never participate in any work-related entertainment that is unsavory, sexually oriented, or otherwise violates our commitment to mutual respect; and
- may not accept an offer of entertainment, travel, or gifts valued at more than \$200 fair market value (total value of all gifts, etc., from one source in one calendar year) without the approval of the employee's supervisor or manager. As a further guideline, may not accept offers that exceed the amount the company would pay for the same activity (for example, the company would not pay for a stay in a presidential suite).

Employees, officers, and directors:

- - or their immediate family members - may not provide goods or services to the company, or own greater than 10% beneficial interest in an entity (*e.g.*, corporation, partnership, estate, trust, or sole proprietorship) that supplies goods or services to the company, unless expressly authorized in writing by ASI's President. Approval is required for each contract or purchasing arrangement and submitted to our Corporate Compliance Officer for annual monitoring. “Immediate family member” means: a person's spouse, parents, children, stepchildren, siblings, mothers and fathers-in-law, sons and daughters-in-law, and anyone

(other than domestic employees) who shares such person's home;

- may not offer any entertainment, travel, or gifts to employees of any other organization that would violate the law or the other organization's rules or policies;
- may not contract or compete with the company, hire our employees, nor own an interest in a privately held competitor or contractor, nor own more than the lesser of \$10,000 in value or one percent of the outstanding shares of a publicly traded competitor unless each contract is authorized in writing by ASI's President and submitted to our Corporate Compliance Officer for annual monitoring;
- may not do business with a relative on behalf of the company unless expressly authorized in writing by ASI's President and submitted to our Corporate Compliance Officer for annual monitoring; and
- must review with our Corporate Compliance Officer all requests to serve on the board of directors or as an officer of another company.

All supervisors and managers have the responsibility to ensure that their employees understand the requirements of this section, to monitor compliance, and to apply appropriate disciplinary action when necessary. Questions that arise should be referred to the Corporate Compliance Officer, Tom Stockert, at 952.447.0777 during business hours or 612.910.6587 outside business hours

## Accident & Injury Prevention

- The company is committed to the prevention of accidents and injury to our employees and the general public.
- Supervisors are responsible for safe work procedures within the scope of their authority in accordance with applicable laws and regulations and the company's policies.
- All employees are responsible for following instructions and safe work procedures established to protect them.
- All employees are responsible for complying with the requirements of the company's substance abuse policy.

The company strictly forbids abuse of drugs and alcohol.

The company will cooperatively participate with regulatory and law enforcement agencies conducting inspections or investigations.

All employees are required to report workplace injuries and any unsafe work conditions. Questions that arise should be referred to your onsite supervisor or manager, or to the Compliance Officer, Tom Stockert at 952.447.0777 during business hours or 612.910.6587 outside business hours.

## Equal Employment Opportunity (EEO) and Other Employment Laws.

- Employees will comply with all federal, state, and local equal employment opportunity laws.
- The company will employ persons and make employment-related decisions without regard to an individual's race, color, religion, sex, age, creed, national origin, citizenship, ancestry, marital status, sexual orientation, gender identity, disability, medical condition, genetic information, veteran status, or any other characteristic protected by law.
- The company is committed to compliance with the Americans with Disabilities Act ("ADA") and will make reasonable accommodations for qualified individuals with known disabilities. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.
- All supervisors and managers are responsible for periodically reviewing equal employment opportunity laws and the company's employment law policies with their employees.
- As stated in the company's equal employment opportunity policy, it is the company's policy to provide all employees with a workplace free of harassment, intimidation, coercion, and retaliation.
- All employees, officers, and directors are also responsible for conducting themselves so that their actions are not considered sexually harassing, demeaning, or intimidating in any way.

Under the law, sexual harassment is generally defined as either:

1. Unwelcome sex-based conduct that is so severe and pervasive that it creates an intimidating, hostile, or offensive work environment; or
2. Sex-based conduct by someone's supervisor or manager that tangibly affects the employee's job - for example, imposition of discipline, rejection for promotion, or loss of pay or benefits.

Sexual harassment can occur in a variety of forms. It may include:

1. Unwelcome sexual advances;
  2. Requests for sexual favors; or
  3. Verbal remarks or physical contact or conduct of an intimate or sexual nature, such as uninvited touching or sexually suggestive comments, that interfere with another person's work performance or that create an intimidating, hostile, or offensive working environment.
- The company has zero tolerance for discrimination or harassment of any kind, and employees will be subject to disciplinary action, including termination, for violations.
  - The company will not tolerate retaliation against anyone who in good faith raises a concern or reports a violation.

Questions that arise should be referred to your supervisor or manager, our Corporate Compliance Officer, Tom Stockert, at 952.447.0777 during business hours or 612.910.6587 outside business hours

The company is also committed to full compliance with all immigration, labor standards, and wage and hours laws.

## Environmental

- The company will comply with all applicable environmental laws, ordinances, and regulations and will cooperatively participate with regulatory agencies conducting inspections or investigations.
- All employees are responsible for following environmental health and safety instructions in the performance of their duties.
- Any concerns or questions that arise should be referred to your supervisor or manager, our Corporate Compliance Officer, Tom Stockert, at 952.447.0777 during business hours or 612.910.6587 outside business hours

## Copying Documents & Software and the Use of Electronic Media

- We respect the rights of others who have created written materials, software, and other “intellectual property.” Only copy documents and other materials when the company has the right to do so.
- Company computers may only contain software for which the company holds an appropriate license.
- The company provides certain employees with tools and services, such as e-mail, personal computers, telephones and voice-mail, computer networks and applications, Internet resources, and other electronic services. Company equipment and systems should be used in a manner consistent with company business goals and policies, including any anti-harassment laws.
- All company computers, e-mail, phones, etc., are company property intended for company use. Management reserves the right to review all messages, information, and other contents on any of these systems. Employees should not consider anything written or done on these systems to be private.

## Trade Secrets & Company Information

- In our competitive markets, it is important to protect the company’s business information. Confidential information about plans for future bids, how we develop our bids, employee data, customer information, and similar business activities should not be disclosed to others outside the company, or even shared with others within the company unless they have a business need to know.
- Access to personnel data should be limited to those who are authorized to use such data for company purposes. Those who have access to such data should protect it appropriately.
- At the same time, we respect other individuals' and organizations' confidential information. You should not seek nor should you accept such information from others, unless it is provided lawfully under a non-disclosure agreement prepared by our company's legal counsel. Do not bring to Abhe & Svoboda, Inc. any proprietary records or information of a former employer.

## Legitimate sources of competitive information include:

- Newspapers and press accounts;
- Public filings;
- Talking with customers - but not to obtain confidential information;
- Information that is observable on the street;
- Customers giving you a competitor's proposal, but only if it is not confidential (if it is a government bid, always consult with our Corporate Compliance Officer);
- Trade shows (but not information from competitors);
- Information publicly available on the Internet; and
- Industry surveys by reputable consultants.

## **Never Use the Following:**

- A competitor's confidential information - any and all questions as to whether competitive information is confidential must be reviewed by our Corporate Compliance Officer;
- Papers or computer records brought by new hires from prior employers;
- Information marked "confidential," or something similar, belonging to anyone else - consult our Corporate Compliance Officer if you have such information. Even if proprietary information just shows up on your desk, get advice;
- Marketing or other business information exchanged with competitors - this should never be done;
- Confidential information about a competitor's bid if you are involved in bidding, especially on government contracts - if you come into possession of such information, call our Corporate Compliance Officer;
- Information on a competitor that someone has offered to sell; and
- Anything else that seems wrong.

# Government Contracting

## Doing Business with the Government

- A large portion of the company's business involves contracts with public agencies. We must conduct our business to avoid even the appearance of impropriety. The federal government, states, and some municipalities and agencies have their own procedures, rules, and ethical standards for contractors. For example, certain common conduct may constitute lobbying under an agency's rules and necessitate registration as a lobbyist.
- Each employee is responsible for learning and following the rules of agencies they are working with. For example, some agencies allow their employees to accept items of nominal value such as coffee mugs or calendars displaying the company logo, while other agencies strictly prohibit their employees from accepting any gift or entertainment.
- Never seek or accept confidential bid information.
- Know and follow anti-kickback rules, including restrictions on gifts by those seeking business from the government and from government contractors.
- Understand "most favored customer" pricing and verify compliance.
- Conform strictly to the contract's quality, quantity, and testing requirements.
- Charging and allocation of costs including time and overhead, provision of any cost and pricing data, and billing must always be accurate, complete, and in full compliance with the applicable rules and regulations.
- Be truthful, accurate, current, and complete in all representations and certifications.
- Know your customer's rules and regulations.

For more information or assistance, contact your supervisor or manager, our Corporate Compliance Officer, Tom Stockert, at 952.447.0777 during business hours or 612.910.6587 outside business hours

## Use of Disadvantaged Business Enterprises (DBEs)

On any project or job where the company utilizes a DBE subcontractor to satisfy a contractual goal, it will do so in conformance with the requirements of 49 C.F.R. § 26.55:

- When a DBE participates in a contract, count only the value of the work actually performed by the DBE toward DBE goals.
- Count the entire amount of that portion of a construction contract that is performed by the DBE's own work force. Include the cost of supplies and materials obtained by the DBE for the work of the contract, including supplies purchased or equipment leased by the DBE (except supplies and equipment the DBE subcontractor purchases or leases from the prime contractor or its affiliate).
- Count the entire amount of fees or commissions charged by a DBE firm for providing a bona fide service, such as professional, technical, consultant, or managerial services, or for providing bonds or insurance specifically required for the performance of a DOT-assisted contract, toward DBE goals, provided you determine the fee to be reasonable and not excessive as compared with fees customarily allowed for similar services.

- When a DBE subcontracts part of the work of its contract to another firm, the value of the subcontracted work may be counted toward DBE goals only if the DBE's subcontractor is itself a DBE. Work that a DBE subcontracts to a non-DBE firm does not count toward DBE goals.
- Count expenditures to a DBE subcontractor toward DBE goals only if the DBE is performing a commercially useful function on that contract. A DBE performs a commercially useful function when it is responsible for execution of the work of the contract and is carrying out its responsibilities by actually performing, managing, and supervising the work involved. To perform a commercially useful function, the DBE must also be responsible, with respect to materials and supplies used on the contract, for negotiating price, determining quality and quantity, ordering the material, and installing (where applicable) and paying for the material itself. To determine whether a DBE is performing a commercially useful function, you must evaluate the amount of work subcontracted, industry practices, whether the amount the firm is to be paid under the contract is commensurate with the work it is actually performing and the DBE credit claimed for its performance of the work, and other relevant factors.
- A DBE does not perform a commercially useful function if its role is limited to that of an extra participant in a transaction, contract, or project to which funds are passed in order to obtain the appearance of DBE participation. In determining whether a DBE is such an extra participant, you must examine similar transactions, particularly those in which DBEs do not participate.
- If a DBE does not perform or exercise responsibility for at least thirty percent (30%) of the total cost of its contract with its own work force, or the DBE subcontracts a greater portion of the work of a contract than would be expected on the basis of normal industry practice for the type of work involved, presume that the DBE is not performing a commercially useful function. The determination of whether a DBE is performing a commercially useful function can depend upon the type of work involved and normal industry practices.
- Expenditures with DBEs for materials or supplies can be counted toward DBE goals. For example, if the materials or supplies are obtained from a DBE manufacturer, one hundred percent (100%) of the cost of the materials or supplies can be counted toward DBE goals. For this purpose, a manufacturer is a firm that operates or maintains a factory or establishment that produces, on the premises, the materials, supplies, articles, or equipment required under the contract and of the general character described by the specifications. If the materials or supplies are purchased from a DBE regular dealer, sixty percent (60%) of the cost of the materials or supplies can be counted toward DBE goals. For this purpose, a regular dealer is a firm that owns, operates, or maintains a store, warehouse, or other establishment in which the materials, supplies, articles, or equipment of the general character described the specifications and required under the contract are bought, kept in stock, and regularly sold or leased to the public in the usual course of business. To be a regular dealer, the firm must be an established, regular business that engages, as its principal business and under its own name, in the purchase and sale or lease of the products in question. Packers, brokers, manufacturers' representatives, or other persons who arrange or expedite transactions are not regular dealers.
- With respect to materials or supplies purchased from a DBE which is neither a manufacturer nor a regular dealer, count the entire amount of fees or commissions charged for assistance in the procurement of the materials and supplies, or fees or transportation charges for the delivery of materials or supplies required on a job site, toward DBE goals, provided you determine the fees to be reasonable and not excessive as compared with fees customarily allowed for similar services. Do not count any portion of the cost of the materials and supplies themselves toward DBE goals, however.
- The amount of credit awarded toward a DBE goal for the provision of materials and supplies must be determined on a contract-by-contract basis.
- If a firm is not currently certified as a DBE in accordance with applicable regulations at the time of the execution of the contract, do not count the firm's participation toward any DBE goals, except as may be allowed by applicable regulations.
- Do not count toward a DBE goal the dollar value of work performed under a contract by a firm after it ceases to be certified as a DBE.

- The participation of a DBE subcontractor toward a contractor's final compliance with its DBE obligations on a contract cannot be counted until the amount being counted has actually been paid to the DBE.

## Former Government Personnel

Federal laws and regulations govern employment and obtaining services from former military and civilian government personnel and prohibit conflicts of interest. Talk with our Corporate Compliance Officer before initiating any employment discussions with a government employee.

Refer questions in this area to our Corporate Compliance Officer.

## Public Affairs

- The company encourages all employees to participate in lawful political activity.
- There will be no pressure placed on employees, officers, or directors to personally contribute to any political activity, and the company will not reimburse any employee, officer, or director for individual or group political activity.
- Company management carries a responsibility to our stakeholders, employees, customers and the public to create an awareness and understanding of the company's position on local, state, and national affairs that directly affect the company's welfare.
- The company is generally prohibited by law from making contributions to candidates for federal office. The company can, in certain instances, make political contributions to state and local candidates. All such contributions are made from the corporate office with the appropriate approval process. For further information, contact our Corporate Compliance Officer, Tom Stockert, at 952.447.0777 during business hours or 612.910.6587 outside business hours.

## Antitrust Laws & Competing Fairly

Competition is the basis of this country's economy. Antitrust laws are designed to keep the marketplace open to competition, which is in the company's best interest. Employees must not only obey federal and state antitrust laws, but also must avoid circumstances that are likely to create any suspicion of violations. We must, at all times, avoid actions or words which could be misinterpreted, creating a perception that a violation has occurred, even though the intent may be proper.

**Certain conduct between competitors is always illegal. You must never:**

- Agree on prices;
- Agree on any other terms of sale;
- Allocate or divide up customers, territories, or markets;
- Agree on production limits; or
- Agree on or rig competing bids.

Other conduct may be illegal, and always requires prior review by outside legal counsel:

- Requirements contracts;
- Exclusive dealing arrangements;
- Customer or supplier boycotts; and
- Tying or bundling together different products and services.

The antitrust laws also prohibit acquisitions that could injure competition. Abhe & Svoboda, Inc. must notify the government before carrying out acquisitions of businesses that have sales or assets exceeding certain minimum threshold levels. Anyone who works on a proposed acquisition should involve the company's legal counsel at the very beginning of such activity.

As a general rule, employees should avoid contact with competitors. In those circumstances where contacts are necessary, for example, trade associations and customer-sponsored pre-bid meetings, limit discussion to permissible subjects. Never discuss prices or other matters relating to competition. Before you attend any meeting where competitors will be present, be sure you know the antitrust “dos and don’ts.”

Antitrust laws apply to dealings with customers and suppliers, as well as competitors. For example, they prohibit illegal price discrimination in the purchase and sale of products. If you are involved in the purchase and/or sale of products, know the Robinson-Patman Act rules regarding price discrimination.

Competing fairly means we do not attempt to control or monopolize any markets. Employees must also avoid unfair business practices, such as:

- Defamation and lying about a competitor's business, products, or services;
- Inducing breach of contract, or causing a customer to break a contract with a competitor;
- Fraudulent and false statements;
- Industrial spying; and
- Bribing customers' agents or employees.

Individuals found guilty of antitrust violations and their companies are subject to extraordinarily severe penalties, including termination. Criminal violations of the antitrust laws are felonies. Individuals may be imprisoned for up to ten years and fined up to \$1,000,000. Companies have been fined as much as \$500 million. In some cases, greater fines are possible both against individuals and companies. In addition, persons injured by antitrust violations can sue to collect three times the amount of damage suffered plus their attorney's fees. A combination of criminal and civil liability for a single violation of the antitrust laws can financially ruin even large companies. If there is the slightest doubt about the legality of a particular transaction or course of conduct, employees should either contact our Corporate Compliance Officer, Tom Stockert at 952.447.0777 during business hours or 612.910.6587 outside business hours,

For further information, consult with your supervisor or manager, who may recommend additional resources.

## Whistleblower

Abhe & Svoboda, Inc.'s whistleblower policy gives protection from harassment, retaliation, or any adverse employment consequences to directors, officers, and employees who, in good faith, raise concerns or report a violation of our Code of Conduct or this Compliance Program.

In most cases, your immediate supervisor or manager, or our Corporate Compliance Officer, is in the best position to address any questions or areas of concern you may have.

# Procedures

## Getting Help

All directors, officers and employees have a responsibility to read, understand, and follow our Compliance Program and Code of Conduct. Remember, this is only the starting point. Our Compliance Program and Code of Conduct do not attempt to address every situation you might encounter in your job. So, where do you turn for help?

Your first resource is your immediate supervisor or manager. He or she is willing to answer your questions or to contact a company resource who can. But, if you feel your situation would make it impossible or uncomfortable to approach your immediate supervisor or manager, you should go to our Corporate Compliance Officer, Tom Stockert, at 952.447.0777 during business hours or 612.910.6587 outside business hours to be put in touch with an appropriate resource for advice.

## Discipline

All employees are expected to read, understand and comply with our Compliance Program and Code of Conduct. Violations of law, this Compliance Program, the Code of Conduct, and other company policies and procedures can lead to disciplinary action, up to and including termination. Supervisors, managers, and officers can also be subject to discipline if they condone, permit, or have knowledge of illegal, unethical, or other improper conduct and do not take appropriate action.

The company will not tolerate retaliation against anyone who, in good faith, uses the Compliance Officer or otherwise reports or raises questions regarding potentially illegal, unethical, or improper conduct.

If an employee, officer, or director should ever believe that a waiver of any of these standards is appropriate, a waiver can be sought, but can only be approved by the board of directors of the company.

# Certification

As an Abhe & Svoboda, Inc. employee, and as applicable to my work responsibilities . . .

1. I will deal fairly and ethically with Abhe & Svoboda, Inc. and its affiliates and on their behalf in all matters, and I will at all times proactively promote ethical behavior.
2. I will avoid actual or apparent conflicts with the company's interests.
3. I will not a) take for myself personally opportunities that are discovered through the use of company property, information, or position; b) use company property, information, or position for personal gain; or c) compete with the company.
4. I will protect the company's assets, and promote their efficient and legitimate business use.
5. Without exception, I will comply with all applicable laws, rules, and regulations.
6. I will promptly report any illegal or unethical conduct to management or other appropriate authorities.

I have read the company's Compliance Program and Code of Conduct and do certify that:

- I understand the Compliance Program and the Code of Conduct.
- I understand that I have the responsibility to ask questions, seek guidance, and report suspected violations of the Compliance Program and /or the Code of Conduct.
- I am not aware of any violations of the Compliance Program or the Code of Conduct that I have not reported to management or other appropriate authorities.
- To the best of my knowledge, I am in compliance with the Compliance Program and the Code of Conduct.
- I will continue to comply with the Compliance Program and the Code of Conduct.
- I understand that the company reserves the right to change, rescind, or add to the Compliance Program and the Code of Conduct at its sole and absolute discretion and may do so at any time in writing or otherwise.

Employee Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Job Title: \_\_\_\_\_