

## Modern Industries, Inc.

### Ethics Statement

Modern Industries, Inc. (the "Company") maintains certain policies to guide its employees with respect to standards of conduct expected in areas where improper activities could damage the reputation of the Company, its customers, or its suppliers and otherwise result in serious adverse consequences to the Company, its customers, its suppliers and to employees involved. The purpose of this Policy is to affirm, in a comprehensive statement, required standards of conduct and practices with respect to certain type of payments and political contributions.

An employee's actions under this Policy are significant indications of the individual's judgment and competence. Accordingly, those actions constitute an important element in the evaluation of the employee for position assignments and promotion. Correspondingly, insensitivity to or disregard of the principles of this Policy will be grounds for appropriate management disciplinary action.

#### **STATEMENT OF POLICY**

##### **Prohibition of Improper Payments**

The Company expects all employees to use only legitimate practices in company operations and in promoting the Company position on issues before governmental authorities. As stated below, "kickbacks" or "bribes" intended to induce or reward favorable buying decisions and governmental actions are unacceptable and prohibited.

No employee of the Company or any supplier acting on the Company's behalf shall, in violation of any applicable law, offer or make directly or indirectly through any other person or firm any payment of anything of value (in the form of compensation, gift, contribution or otherwise) to:

- any person or firm employed by or acting for or on behalf of any customer, whether private or governmental, for the purpose of inducing or rewarding any favorable action by the customer in any commercial transaction; or any governmental entity, for the purpose of inducing or rewarding action (or withholding of action) by a governmental entity in any governmental matter;
- any governmental official, political party or official of such party, or any candidate for political office, for the purpose of inducing or rewarding favorable action (or withholding of action) or the exercise of influence by such official, party or candidate in any commercial transaction or in any governmental matter.

In utilizing consultants, agents, sales representatives or others, the Company will employ only reputable, qualified individuals or firms under compensation arrangements, which are reasonable in relation to the services performed. The provisions of this section are not intended to apply to ordinary and reasonable business entertainment or gifts not of substantial value, customary in local business relationships and not violative of law as applied in that environment. Managers are

expected to exercise sound discretion and control in authorizing such business entertainment and gifts.

When customer organizations, governmental agencies, or others have published policies intended to provide guidance with respect to acceptance of entertainment, gifts, or other business courtesies by their employees, such policies shall be respected.

### **Reports and Periodic Reviews**

Any employee who is requested to make, authorize, or agree to any offer or payment which is, or may be, contrary to this Policy will promptly report such information, in writing, to the employee's supervisor, to the Director, Human Resources, to the CFO, or to the CEO.

Any employee who acquires information (for example, newspaper reports, reports from customers, or statements of individuals involved) that gives the employee reason to believe that any employee is engaged in conduct forbidden by this Policy, or that any sales representative, distributor, or other person or firm representing the Company in any transaction is engaged in the type of conduct (whether or not in connection with a transaction involving the Company or its products) which, if engaged in by an employee of the Company, would violate this Policy, will promptly report such information, in writing, to the employee's manager, to the Director, Human Resources, to the CFO, or to the CEO.

Any manager receiving a report as cited above will promptly consult with the Director, Human Resources, the CFO, or to the CEO and thereafter will, after appropriate investigation, take timely remedial or other action as warranted under the provisions of this Policy. Such manager will also promptly report the matter to the CEO.

### **Statement of Policy**

It is the objective of the Company:

- to comply with the antitrust laws of the United States and other countries applicable to its business operations, and
- to hold employees in management positions personally and strictly accountable for taking the measures necessary to achieve this objective within their areas of responsibility.

### **Compliance with Section 1 of the Sherman Act**

In furtherance of this Policy and specifically in furtherance of compliance with Section I of the Sherman Act:

A. No employee shall enter into any understanding or agreement-whether expressed or implied, formal or informal, written or oral-with a competitor limiting or restricting any of the following aspects of the competitive strategy of either party or of the business offering of either party to any third party or parties:

Prices  
Costs  
Profits  
Product or service offerings  
Terms or conditions of sale  
Production or sales volume  
Production facilities or capacity  
Market share  
Decisions to quote or not to quote  
Customer or supplier classification or selection  
Sales territories  
Distribution methods

B. No employee shall enter into any understanding or agreement with a purchaser or lessee of a product sold or leased by the Company which restricts the right of the purchaser or lessee to determine the price at which to resell or lease such product; nor shall any employee enter into such an agreement when the Company is the purchaser or lessee of a product.

C. The following understandings may be violative of the antitrust laws under certain circumstances and may be entered into by an employee of the Company only if the agreement has been reviewed by Company Senior Management and/or Legal Counsel in advance of execution and in the opinion of counsel is not in violation of law:

- (1) Understandings with any customer or supplier which condition the sales or purchases of the Company on reciprocal purchases or sales by the customer/supplier;
- (2) Understandings with any purchaser or lessee of a product of the Company which in any way restrict the discretion of the customer to use or resell the product as the customer sees fit;
- (3) Understandings with anyone which restrict the discretion of either party to manufacture any product or provide any service, or to sell to, or buy from, any third party.

### **Discussions and Exchange of Information with Competitors**

Communication with a competitor on subjects as to which an understanding with the competitor would be illegal is, in antitrust litigation, likely to serve as important evidence of the existence of an understanding, particularly if the communication is accompanied or followed by similarity of action. The prohibitions set forth below are thus intended to avoid antitrust prosecutions which, though based on merely circumstantial evidence, may nevertheless be difficult to defend successfully.

Accordingly, no employee shall discuss with a competitor or any third party acting for a competitor, or otherwise furnish to or accept from a competitor or any third party acting for a competitor, information on any subject as to which an understanding with the competitor is prohibited by paragraph A. above on compliance with Section I of the Sherman Act unless, in the opinion of Company legal counsel, such discussions or transmittal of information would neither violate the antitrust laws nor furnish a reasonable basis for inferring such a violation. This paragraph does not preclude obtaining competitive information from independent third-party

sources who are not acting for a competitor in transmitting the information. However, certain other legal and policy restrictions applicable to transactions with the federal government limit the competitive information that may be obtained from a third-party source.

### **Violations of the Policy**

A. Violations of the Policy are grounds for discharge or other disciplinary action, adapted to the circumstances of the particular violation and having as a primary objective furtherance of the Company's interest in preventing violations and making clear that violations are neither tolerated nor condoned.

B. Disciplinary action will be taken, not only against individuals who authorize or participate directly in a violation of the Policy, but also against:

- (1) any employee who may have deliberately failed to report a violation of the Policy;
- (2) any employee who may have deliberately withheld relevant and material information concerning a violation of this Policy and
- (3) the violator's managerial superiors, to the extent that the circumstances of the violation reflect inadequate leadership and lack of diligence.

### **Reports and Periodic Reviews**

- A. Any employee who is requested to engage in any activity which is or may be contrary to this Policy will promptly report such information, in writing, to the Director, Human Resources, the CFO, the CEO, or assigned Company legal counsel.
- B. Any employee who acquires information that gives the employee reason to believe that any other employee is engaged in conduct forbidden by the Policy will promptly report such information to the Director, Human Resources, the CFO, the CEO, or assigned Company legal counsel.