

Dealing with the U.S. Government

A supplement to Fluor's
**Code of Business Conduct
and Ethics**

for employees working on projects
where the U.S. Government is involved.

FLUOR[®]

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INTRODUCTION

This is a supplement to Fluor's Code of Business Conduct and Ethics ("Code"). It is intended to provide special guidance and information to those of us who are involved in marketing to, selling to, contracting with and working on projects where the U.S. government and its agencies and other entities are involved.

Many federal, state and local governments also have special rules for contracting that may vary from the standards outlined in this supplement. You must comply with applicable rules for all government contracting, regardless of the source.

If you are involved in U.S. government contracting, you should read, understand and follow the standards outlined in this document and Fluor's Code (available at www.fdn.net and www.fluor.com). Our Code covers many of the common business policies, regulations and laws that apply to all Fluor employees. Since they are addressed in our Code, they are not necessarily restated here. Therefore, it is critical that you understand and follow our Code and this supplement.

Our subsidiaries, including Del-Jen, Inc., may have more stringent policies in place. If you are working for a Fluor subsidiary, please review and follow any supplemental materials it may provide.

THE U.S. GOVERNMENT'S RULES ARE OFTEN DIFFERENT

When the U.S. government or a government entity is our client or the ultimate client (when Fluor is a subcontractor), special laws and rules apply. These rules are considerably stricter than those that govern our work with commercial clients. In addition, when the government provides funding for a project, it may be necessary to follow certain government requirements.

The topics covered here are only intended as a guide. Be sure to also familiarize yourself with our Code and any federal procurement laws or regulations that pertain to your projects. If you are working on government contracts, you must know and abide by all of these applicable policies and laws.

If you work in both the government and commercial sectors, you must clearly understand the different rules, regulations and procedures that apply in each sector. If you have any questions or concerns about any of those materials, contact the Government Contract Manager (GCM) for your project or [Fluor Government Group \(FGG\) Compliance](#), or [FGG Federal Cost and Pricing](#). Please see the "How Can I Get Help and Report Concerns?" section at the end of this supplement for helpful guidelines and contact information.

Violations of government contracting requirements are very serious and can result in serious consequences for Fluor and the employees involved, including civil and/or criminal sanctions, and suspension or debarment of Fluor from doing U.S. government work.

Updates and Revisions to this Code Supplement

Like our Code, this document may occasionally be updated or amended to reflect changes in laws and Fluor policies and practices. The most current and authoritative version is available at www.fdn.net and www.fluor.com.

Choosing Third Parties Who Adhere to Our Values

In addition, Fluor only selects subcontractors, temporary workers, consultants, agents and suppliers and other third-party providers who act in a manner consistent with the standards contained in our Code and this supplement, as described in our Business Conduct and Ethics Expectations for Suppliers and Contractors available on www.fdn.net and www.fluor.com.



Procurement Integrity

Sometimes you may inadvertently obtain or receive confidential information related to government procurement. You may never use this information, whether verbal or written, unless the information is publicly available or provided officially by the government.

If you receive such information, promptly notify your supervisor and the [FGG Law Department](#).

Sole Sourcing. Sometimes Fluor is the only bidder on a government procurement. Special rules apply to preparing bids and proposals in sole-source situations.

Fluor Subcontracting. The same rules that apply to Fluor's prime contract also apply to our subcontracting process if the work is to be done under a government contract. Our subcontractors must abide by the same rules that we are held to as the prime contractor.

Organizational Conflicts of Interest

Because Fluor performs work for U.S. government entities, we are subject to special rules related to

organizational conflicts of interest (OCI). Basically, an OCI occurs when, because of a pre-existing business relationship or project, Fluor has a potential unfair competitive advantage or could be seen as biased (having impaired objectivity) in obtaining or performing government work. For example, Fluor might help a state government develop specifications for a project that will be funded and managed by the U.S. government. Fluor could be perceived to have an unfair competitive advantage if it were to bid on the federal contract, since it helped develop the specifications. Our company must promptly disclose all actual or potential OCI situations to the government, so be sure to alert your supervisor promptly if you become aware of an OCI. Often, safeguards can be put in place to mitigate potential OCI issues and allow us to perform that work.

It can be difficult to identify an OCI. Generally, an OCI may arise when, because of its other pre-existing activities or relationships:

- Fluor is unable or potentially unable to render impartial assistance or advice to the government
- Fluor's objectivity in performing the

contract work is or might be otherwise impaired

- Fluor has an unfair competitive advantage

It is important to note that we must avoid even the appearance of any of the above elements. These rules apply to all of our business activities, including work performed by or bid on by different groups of Fluor.

Areas where we need to exercise caution include where Fluor is:

- performing a design and then bidding on the follow-up construction
- performing constructability evaluations and then seeking to do the construction work
- developing a scope of work and then seeking to bid on the work

Fluor must also certify that our subcontractors have no OCI. FGG maintains a database of all entities for which Fluor performs work. If you have any OCI-related questions or issues, you should consult the [FGG Law Department](#) or the GCM for your project.

Accuracy of Information and Reports

Never provide inaccurate or misleading information or reports to a government client. All the reports we give to the government must be complete and accurate. Carefully review all the reports, information and invoices you send to government clients.

Time Charging and Unallowable Costs

While different federal contracts may prescribe special time-charging practices, we can never charge a customer for hours not actually worked, or charge time worked on one contract when we worked the hours on a different contract. These fundamental rules always apply, regardless of the type of contract (fixed price or cost reimbursable). We must properly, accurately and precisely report all of our time. If someone encourages you to charge time in a manner contrary to these rules, you should report the matter to your supervisor or to [FGG Compliance](#) immediately.

Generally, we can charge reasonable costs that we incur in connection with reimbursable cost government contracts to the government as allowable costs. However, certain costs on government contracts are "unallowable" and cannot be charged. Examples include alcohol, political contributions and first-class travel costs (in most circumstances). In addition, certain overhead costs not directly charged may be allowable and allocated to government contracts. However, other overhead costs—such as merger and acquisition activities and costs associated with claims against the government—are not allowable and cannot be allocated to the government. Before allocating your time or an expense to a particular cost category, be sure the time or expense is properly and accurately categorized.

Change Orders

When government representatives request work that is different from, or in excess of, that prescribed by the contract, we must obtain the contracting officer's written direction before proceeding. While we must always strive to please our customers, acceptance of changes from anyone except the contracting officer could jeopardize Fluor's ability to obtain compensation

for the change in scope. Contractual notification requirements related to changes vary depending on the type of contract. Therefore, it is crucial that those of us working on federal contracts understand what we must do and when we must do it if the government changes its contract requirements.

Hiring Current and Former Government Officials

Federal, state and local governments that contract with Fluor have strict rules and regulations on hiring or even discussing the potential hiring of their employees. These rules are based on the concern that such offers or discussions about hiring could improperly influence the government employee's ability to treat Fluor objectively. Many senior government and contracting officials have rules prohibiting them from working for a private sector contractor, like Fluor, for a period of time after they leave the government. These rules also apply to hiring a former government official into the commercial part of Fluor.

While it may be possible to hire government employees in certain instances, proper precautions must be taken. Before engaging in even preliminary suggestions to, or discussions with, a government employee, you must get detailed advice from the FGG Human Resources Department and [FGG Law Department](#) on whether and how such discussions should occur.

It is also critical that you understand and strictly adhere to the limitations applicable to former or recent government officials when they become Fluor employees. Once employed by Fluor, a former government official may be subject to restrictions on the type of work they can perform, or communications they can make to government officials. For example, if a former government official had been personally and substantially involved with a particular action, such as a contract award, she cannot communicate with the government on behalf of Fluor about that contract.



Q: I just received an email that was sent to a long string of government procurement officials. My email address appears to have been buried in the list and not deleted, because I am the only nongovernment addressee. The message's subject line reads: "DRAFT SSEB Report." What should I do?

A: There are clear indicators in this message that it contains competition-sensitive source selection information, which means it is restricted for authorized government personnel. You should not reply to or forward the message, and promptly notify your supervisor and the [FGG Law Department](#) for proper handling instructions.

Q: We are preparing a proposal to assist the City of Biloxi, Miss., in the preparation of disaster relief grant applications to FEMA. I know that another group within the company is also considering a proposal to provide grant application evaluation services to FEMA. Does this present any problems?

A: These two contracts might create an "impaired objectivity" OCI. That is, FEMA may believe that one part of the company can't be relied on to be objective in evaluating the work of another part of the company. If there is an OCI, we may need to make a business decision as to which contract to seek, or to develop a plan to neutralize or avoid the OCI. You should consult with your supervisor, the [FGG Law Department](#) and the leadership of the other group that is interested in the FEMA support contract immediately.

Q: We have signed a contract with the U.S. DOT to design a major new interchange on the Capital Beltway. Will our design work preclude us from competing to actually build the interchange?

A: It may. The government contracting officer may believe our design work gives us an unfair competitive advantage in the build phase of this project. If so, we need to be prepared to demonstrate that our design does not favor us in the competition, or to show how the playing field can be leveled to neutralize any advantage that we might derive from our design work. In future procurements of this type, you should consult with the [FGG Law Department](#) before seeking the design contract in order to make an informed decision as to whether the design work will create an unacceptable OCI.

Q: We have an opening for a management position in FGG. One of our government clients would be perfect for the job, and it would likely be a significant pay increase for her. Can I talk to her to see if she has any interest?

A: No. You may not even mention or hint at the possibility to the government employee. Check with the [FGG Human Resources Department](#) and [FGG Law Department](#) for advice first.

Gifts, Entertainment and Business Courtesies

U.S. federal and state government agencies have strict rules prohibiting giving business courtesies to government employees. What are considered normal business courtesies in the nongovernment world can be illegal when government employees are involved. Giving a “business courtesy” is defined as offering something of value for which the recipient does not pay fair market value. Such courtesies may include gifts, meals and other favors. Permitted gifts, meals and favors vary by agency, so it is our responsibility to know and follow the specific rules that apply to us. Violations of these rules can result in loss of the contract, loss of Fluor’s ability to do other government work and even criminal prosecution of our company and the individuals involved.

Common areas of concern:

- Business meals where we pay
- Business trips for pleasure (for example, a ski trip to Colorado)
- Entertainment (for example, tickets to a sporting event or show)
- Gifts of more than nominal value (with or without Fluor’s logo)
- Courtesies offered with the intent to influence official action

We must follow the “20/50 Rule” when providing entertainment to government officials, such as meals and refreshments. Under this rule, providing simple refreshments such as coffee

and pastries at a business meeting is typically acceptable as long as the meal does not exceed \$20. However, meals should never exceed \$50 in a calendar year to any single government official from all aggregated sources within Fluor. Some agencies require their employees to pay for their portion of the refreshments themselves. In such situations, we must make every effort for the food to be modest and provide a “contribution” basket through which the government employee can cover the cost of their refreshments. Keep in mind that even giving a ride to or from the airport to a government client may be too much.

We must also follow the “20/50 Rule” when giving gifts to government officials. You should never give a gift to a government official unless it is a promotional item with Fluor’s name on it or another item of nominal value. Since a gift is anything of value received without the recipient paying the full market price, you will need to determine the fair market value for any items you offer to government employees. It is also critical that you document the basis for this assessment. This helps us to avoid placing government officials, as well as Fluor, in awkward situations.

It is important to point out that, even when the value of a gift is within the 20/50 Rule, you may not offer any gift to a government employee with the intent to influence official action.

We should never offer gifts or entertainment to government employees if we know that these

courtesies violate his or her agency’s rules. This is true regardless of whether he or she is willing to accept the gift. Even if it is an inexpensive logo item, you should first ask the government employee if the agency’s rules allow him/her to accept it. Offering inappropriate gifts can put the government client in the awkward position of having to refuse.

Again, there is no substitute for a thorough knowledge of agency ethics rules related to business courtesies. If you have any questions, ask the GCM for your project, [FGG Compliance](#) or [FGG Law Department](#).

Supplier Relationships

We must be careful to avoid any influences that could conflict with the best interests of FGG or harm FGG’s reputation to influence an acquisition decision. To that end, the same business courtesy concerns and guidance identified above for dealing with government employees, apply to FGG employees when dealing with suppliers and subcontractors as well.

Do not accept gifts exceeding “de minimus” value, personal loans, entertainment or other special consideration from an individual or business organization doing business with Fluor on a project involving the U.S. government. If you are offered, or receive, such a gift, refuse it, or return it to the giver, in a tactful manner, advising the giver of our policy prohibiting acceptance. Any offer or receipt must be reported to [FGG Compliance](#).

Lobbying and Political Activity in the Government Context

U.S. federal government project sites and clients have strict prohibitions against using government resources—such as computers, email accounts, phones, fax machines and copiers—for conducting any lobbying or political activities. In addition, please note that lobbying and political activities are not allowable costs and may not be charged to a government contract. Please see our Code for additional limitations on lobbying and political activity.

Background Checks

When hiring contractors and employees for U.S. government projects, background checks are required by Fluor and our subcontractors to help verify they are not barred from performing government-contracting work. Check with FGG Human Resources for specific requirements and procedures, as well as to obtain proper clearance.

Trafficking in Persons

The U.S. Government and Fluor have no tolerance for obtaining forced labor or services through any means, including but not limited to coercion, physical threats or restraints, or withholding of passports. The procurement of commercial sex acts during the period of performance of a government contract is also prohibited.

Accompanying U.S. Armed Forces Outside the United States

Fluor and its subcontractor personnel may be authorized to accompany or support U.S. Armed Forces for contingency operations, humanitarian or peacekeeping operations, or other military operations or exercises. Personnel will be required to comply with:

- U.S., host country and third country national laws
- Treaties and international agreements
- U.S. regulations, directives, instructions, policies and procedures
- Orders, directives and instructions issued by the Combatant Commander, including those relating to force protection, security, health, safety or relations and interaction with local nationals.

In a military or such contingency operation, Fluor and its subcontractor personnel authorized to accompany U.S. Armed Forces in the field are subject to the Uniform Code of Military Justice. All personnel must complete appropriate training on the theater-specific policies and procedures prior to deployment. Deploying personnel must have all necessary passports, visas or other documents required to enter and exit the country, or countries, involved.

Anti-Corruption

All employees are prohibited from accepting, soliciting or offering bribes or kickbacks in connection with U.S. government or any client’s work. Bribes or kickbacks may include money,

gifts, travel or other expenses, hospitality, below-market loans, discounts, favors, business or employment opportunities, political or charitable contributions or any other direct or indirect benefit or consideration to improperly influence someone. Please see our Code for additional information on anti-corruption.

Mandatory Disclosure of Violations

When working on U.S. government projects, you must promptly disclose to [FGG Compliance](#) or [FGG Law Department](#) if you have reason to believe we violated laws or received overpayment for our work; they will help make a determination whether or not Fluor has a disclosure obligation.



Q: Through my work on a U.S. government contract, I have become friends with one of the government employees. My husband and I would like to take him and his wife out to dinner to get to know them personally. Is this acceptable? If not, would it be acceptable to have them to our home for dinner?

A: It is possible to have a personal relationship with employees of government agencies, and you may invite the couple to your home for dinner. However, taking them out to a restaurant or providing a catered dinner at your house would not be acceptable, since it might bring his objectivity into question or create the appearance that you are attempting to influence him.

Q: The team I manage would like to give commemorative trophies to both the Fluor and government employees who worked on a successful project. The trophies will cost about \$25 each, but the only value to the team members is recognition. Is this acceptable?

A: It is probably acceptable. The cost of the trophy is not the measure of its value—the intrinsic value of the trophy or the trophy materials becomes the measure. If the trophy has no market value, and contains no materials that have intrinsic value (such as crystal or precious metals), then it is excluded from the definition of a gift. If you are unsure whether you should provide anything of value to a government employee, you should seek guidance from the GCM for your project, [FGG Compliance](#) or [FGG Law Department](#).

HOW CAN I GET HELP AND REPORT CONCERNS?

If you face an issue relating to contracts or projects where the U.S. government is involved and need to get help or report a concern, you should normally proceed by first contacting your immediate supervisor.

However, if you are uncomfortable discussing the matter with your supervisor or his or her response is not adequate, you should contact:

- Your local Human Resources manager
- Another supervisor in your chain of command
- The GCM for your project
- A Company Expert (see contact information at right)
- The [Compliance and Ethics Hotline](#) (see page 9 for contact information)
- [FGG Compliance](#)
- The [Federal Cost and Pricing Department](#)

In addition, you have an obligation to contact any of these resources or an investigating department, if you know of or suspect misconduct, even if you are in no way involved in the misconduct itself. Investigating departments include [Corporate Security](#), [Human Resources](#), [Law Department](#), [Internal Audit](#), [Industrial Relations](#) and [Health, Safety and Environment](#). Reporting the suspected misconduct to these resources contributes to our ethical culture and helps Fluor minimize any damage to our fellow employees, other stakeholders, company and brand. Not reporting violations of our Code or this supplement could result in discipline.

If you are an employee of Del-Jen, you may contact the Del-Jen Compliance Officer toll-free at 1.866.409.8900 or the Del-Jen Ombudsperson toll-free at 1.800.710.4442 with any questions.

What if I am Concerned about Retaliation?

Fluor is committed to doing the right thing, and will protect you from retaliation if you report suspected illegal or unethical conduct in good faith.

Company Experts for Government Work

If you have an ethics or compliance question regarding contracts or projects where the U.S. government is involved, you may call the [FGG Compliance](#) Question Line at 1.864.281.4357.

Or you may contact a Company Expert who is knowledgeable in each listed area for government work. These Company Experts can help clarify policies, laws and business practices in their particular area.

If you send an e-mail to the address that corresponds to the subject area, it will be routed to the Company Expert in that area. A list of the names of Company Experts and their telephone numbers is also available on [www.fdnet.com](#).

FGG Subject	E-mail
Audit Response	fgg.governmentaudits@fluor.com
Compliance and Ethics	fggcompliance@fluor.com
Computer and Data Security	fggis@fluor.com
Confidential and Proprietary Information	fggcompliance@fluor.com
Acquisition Management (Subcontracts & Procurement)	fggcontracts@fluor.com
Discrimination	fgghr@fluor.com
Document and Records Management	fggdoc@fluor.com
Environmental	fggenviro@fluor.com
Estimating	fggestimating@fluor.com
Export Control	fggexports@fluor.com
Financial Costs and Timekeeping	fggfinance@fluor.com
Government Property	fgggovtprop@fluor.com
Health	fgghs@fluor.com
Information Services	fggis@fluor.com
Investigations	fgghr@fluor.com
Lobbying, Political Activity and PACs	fggcompliance@fluor.com
Organizational Conflicts of Interest	fggcontracts@fluor.com
Presentation Outside Fluor	fggcompliance@fluor.com
Project Controls	fggprojcontrols@fluor.com
Project Management	fggpm@fluor.com
Radiation Safety	fggrad@fluor.com
Safety	fgghs@fluor.com
Security	fggsecurity@fluor.com
Small Business/Subcontracting	fggsb@fluor.com

Fluor Compliance and Ethics Hotline

If, after you have raised a concern with the contacts suggested in this Code supplement, you are uncomfortable using one of the other resources identified in our Code or this supplement, or you wish to raise an issue anonymously, contact Fluor’s Compliance and Ethics Hotline at your country’s hotline number, www.fluorhotline.com or collect at 1.704.540.2248, or for the European Union at www.fluorhotline.com/eu or 1.704.542.9540.

Country Toll-Free Numbers

United States, Canada, Afghanistan or Iraq toll-free	1.800.223.1544
United Arab Emirates toll-free	8000.441.6990
United Kingdom toll-free	0808.243.4002

U.S. Government Hotlines

Agencies that investigate waste, fraud or abuse on government contracts:

DOD – Department of Defense	1.800.424.9098
DOE – Department of Energy	1.800.541.1625
DOL – Department of Labor	1.800.347.3756
DOS – Department of State	1.800.409.9926
DOT – Department of Transportation	1.800.424.9071
DHS – Department of Homeland Security	1.800.323.8603
EEOC – Equal Employment Opportunity Commission	1.800.849.4230
NASA – National Aeronautics and Space Administration	1.800.424.9183
NRC – Nuclear Regulatory Commission	1.800.233.3497
SBA – Small Business Administration	1.800.767.0385
USAID – U.S. Agency for International Development	1.800.424.9121

Speak up and make misconduct disappear.

**unethical
unethical
unethical
unethical
ethical**

Report unethical activity. It’s the right thing to do.

your country’s toll-free number

— or —

worldwide, except the E.U.
www.fluorhotline.com
1.704.540.2248

within the E.U.
www.fluorhotline.com/eu
1.704.542.9540

Dealing with the U.S. Government

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HR701 (Rev Feb2011)
AV20100469001-HR701.indd