

Nickerson LLC	Policy	MGT-10
Subject	Effective	Supersedes
U.S. Government Contract Compliance – Mandatory Disclosure of Violations of Law to the Government	4/2023	NEW

1 Purpose

To implement the provisions of revised FAR 52.203-13 regarding the duty to report certain violations of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations, violations of the Civil False Claims Act, or overpayment which may occur related to U.S. Government funded prime contracts or subcontracts.

2 Scope

This policy applies to all employees within NLLC which contract with the U.S. Government either directly, or indirectly through subcontracts funded by the U.S. Government, with special emphasis as to “principals” within NLLC, as defined below. This policy also applies to business units performing work on an intra-company basis in conjunction with any U.S. Government funded prime contract and/or subcontracts held by the requesting business unit.

3 Distribution

- Officers
- Members
- Managers

4 Responsibility

Internal reporting of known or possible violations of Federal law in connection with contracting with the U.S. Government is the responsibility of all employees of NLLC and is the regulatory responsibility of all “principals” of NLLC as defined in Section 5 below. Responsibility for determining whether the reported violation is subject to timely disclosure to the Government resides with the General Manager and Chief Operating Officer.

5 Definitions

5.1 Timely Disclosure

“Timely Disclosure” of a potential violation of law means disclosure to the relevant agency office of the Inspector General and NLLC’s contracting officer immediately upon a determination by the General Manager or COO that there exists credible evidence of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code, a violation of the Civil False Claims Act, or significant overpayment, in connection with the award, performance, or closeout of a U.S. Government contract or a subcontract awarded thereunder.

5.2 Principal

“Principal” shall mean NLLC Officers, Members, and their staff, and those employees having primary management or supervisory responsibilities within a business entity, such as General Manager, Director, head of a business segment and similar positions.

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6 Policy

6.1 Ethical Culture

NLLC shall maintain a culture which encourages ethical conduct and commitment to compliance with law. NLLC will continue to stress the values and obligations contained in its Code of Conduct, including its policy on Contracting with the United States Government. NLLC shall continue to exercise due diligence to educate, prevent, detect, and report unlawful conduct.

6.2 Commitment to Compliance

NLLC is committed to compliance with all laws and regulations in connection with contracting with the U.S. Government, including the mandatory disclosure provisions. NLLC will make Timely Disclosure to the appropriate agency Office of the Inspector General, with a copy to the contracting officer, whenever, in connection with the award, performance, or closeout of a U.S. Government contract or subcontract awarded thereunder a Principal of NLLC has credible evidence of

- a) A violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code;
- b) A violation of the Civil False Claims Act; or
- c) Significant overpayment on the U.S. Government contract.

7 Procedure

7.1 Code of Ethics

NLLC shall make available its Code of Ethics including its policy on Contracting with the United States Government (collectively, the “Code”) to each employee engaged in performance of a U.S. Government contract.

7.2 Internal Control System

NLLC shall maintain an effective internal control system with standards and procedures to facilitate timely discovery of improper conduct in connection with U.S. Government contracts. This system shall contain resources for internal controls covering Export Control, Contract Flow Down, Contract Review and the like.

7.2.1 Responsibility

Responsibility for ensuring the effectiveness of the Internal Control System and business ethics awareness and compliance programs shall reside with the General Manager(s) with oversight from the corporate officers.

7.2.2 Periodic Review

The Board of Officers, in conjunction with the General Manager(s), shall conduct periodic oversight reviews of business practices, procedures, policies, and internal controls for compliance with NLLC’s Code and the special requirements of contracting with the U.S. Government, including:

1. Monitoring and reviewing to detect criminal conduct, including an annual Self Assessment questionnaire to be submitted by General Managers of business units performing work on U.S. Government funded prime contracts or subcontracts, and periodic Self Assessment Validation Reviews to ascertain whether appropriate systems and processes are deployed within business units to satisfy U.S. Government contract requirements;

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2. Periodic evaluation of the effectiveness of the business ethics awareness and compliance program and internal control system; and
3. Periodic assessment of the risk of criminal conduct, with appropriate steps to design, implement, or modify business ethics awareness and compliance programs and the Internal Control System as necessary to reduce the risk of criminal conduct identified through this process.

7.2.3 Ethical Behavior of Principals

NLLC shall exercise reasonable due diligence to ensure that no Principal is engaging in conduct in conflict with the Code.

7.2.4 Disciplinary Action

NLLC shall take appropriate disciplinary action against any employee who engages in improper conduct, or who fails to take reasonable steps to prevent or detect improper conduct.

7.2.5 Encouragement to Report

All NLLC employees, including all Principals, are encouraged to report any possible violation of U.S. Federal criminal law involving fraud, conflict of interest, bribery, gratuity violations, a violation of the Civil False Claims Act, or overpayment in connection with a U.S. Government contract or subcontract awarded thereunder, to the board of corporate officers. The board of officers shall determine if credible evidence exists that a Principal, employee, agent, or subcontractor of NLLC has committed a violation as described above. If such a determination is made, the corporate board of officers shall immediately cause a written disclosure of such circumstance to the appropriate agency office of the Inspector General and to NLLC’s contracting officer.

7.2.6 Record Retention

A record of each matter reviewed by the corporate board of officers shall be maintained, with the disposition and its rationale clearly documented.

7.2.7 Corrective Action

NLLC shall ensure that corrective measures are promptly implemented.

7.2.8 Cooperation

NLLC shall fully cooperate with any U.S. Government agencies responsible for audits, investigations, or corrective actions.

7.3 Subcontractors

The NICKERSON TERMS & CONDITIONS OF PURCHASE – US GOVERNMENT SUPPLEMENT includes the flow-down of FAR 52.203-13 (applicable to purchase orders and subcontracts with have a value in excess of \$6 million and pea period of performance greater than 120 days). The following additional provision included in the US Government Supplement shall apply:

“The supplier agrees to grant NLLC the right to conduct a reasonable audit or investigation at the premises of the subcontractor, with full access to appropriate books and records of the subcontractor, for the purpose of implementing the requirements of FAR 52.203-13. Suppliers receiving purchase orders or subcontracts (including all long-term agreements) with a cumulative value of \$1 million or more shall distribute NLLC’s Policy MGT-10 “U.S. Government Contract Compliance – Mandatory Disclosure of Violations of Law to the

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Government” to all personnel most directly involved in the performance of the purchase order or subcontract, including those having primary management or supervisory responsibilities. The supplier shall insure that all such individuals have both read and understood the contents of these documents. Any questions shall be forwarded to the cognizant NLLC buyer. The above documents are available electronically within the “Collaborate” section of the NLLC website or from the cognizant buyer.

NLLC employees having any questions concerning the deployment of this provision shall contact the General Manager.

8 Matters Not Required To Be Disclosed To The Government

8.1 Reporting Administrative, Accounting or Clerical errors

Nothing in this policy should be construed as permitting any delay in the usual and normal process of notifying the contracting officials of administrative, accounting and clerical errors and taking the necessary corrective action.

8.2 Board of Officers

Allegations of irregularities in connection with government contracts and subcontracts not subject to the mandatory reporting rules provided above will be referred promptly to the corporate board of officers. The board may confer with legal counsel and others to determine the extent of investigation required and seek the advice of other functional experts as appropriate. Based upon the investigation, and in accordance with this policy, the corporate board of officers will determine necessary corrective action and will determine whether the matter should be reported to the Government.

8.3 Matters to be Disclosed to the Government

In determining whether a particular matter is one that should be voluntarily disclosed to the U.S. Government under these provisions, the following shall, among other factors, be considered:

- a) The weight of the evidence that a violation of federal contracting law occurred.
- b) Clarity of applicable law to facts.
- c) Financial impact to the Government.
- d) Any compromises of classified information vital to national security shall be disclosed in all circumstances.
- e) Whether there was any actual or intended pecuniary gain to NLLC, company employees, government employees, or other third parties. (This includes bribery or kickbacks. The Antikickback Enforcement Act of 1986 requires reporting of possible kickbacks and other violations of the act.)

9 On-Going Familiarization with Disclosure Requirements

It is recognized that from time to time individuals within NLLC that are considered “Principals” (see section 5) may change assignments. Accordingly, to assure continued awareness of the requirements of this policy, HR Managers, in consultation with General Managers and the Board of Officers, shall continually maintain a list of “Principals” and, on an annual basis, provide a hardcopy of this policy to all such “Principals”. Records shall be maintained of such distribution.

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10 Approved

Bryce Mickler	Peter Nickerson
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