

## HydroPlumb Mission and Ethics

We believe this is a great place to work and we sincerely hope that you will feel the same way. As an employee you are an important part of our business.

### OUR GOALS ARE:

- To provide our clients with the highest quality and most technologically advanced services at competitive prices and,
- To provide our employees with steady continuous employment.
- You are the key to reaching these goals. We hope that your association with HydroPlumb will be a happy and successful one.
- HydroPlumb is in the construction business. Our work ranges in size from the very small to multi-million dollar projects. Our special area of expertise is in mechanical contracting, which involves plumbing, heating and air conditioning. We take great pride in the work we do for our clients. We also have very good relationships with our suppliers and vendors. As a member of the HydroPlumb team, we expect that you will assist us in continuing our proud tradition.

### CODE OF ETHICS

Because of the dedication of each of you we have been able to develop a reputation as a company committed to excellence. Our belief in observing the highest ethical standards has contributed, in a very direct way, to our reputation for excellence. Our success is founded on fair dealing, hard work, coordination of effort, and quality of installation.

The Code reaffirms the basic ethical standards upon which we have always operated. As a company, HydroPlumb Mechanical Ltd. is committed to meeting our ethical obligations to the groups that depend on us - clients and suppliers, fellow employees, and owners. As employees, each of us has the responsibility to serve these groups by acting in all aspects of our jobs with honesty, fairness, integrity, openness, trust and loyalty. All of the specific guidelines for conduct in this Ethical Code flow from these basic principles that should guide our individual conduct.

Each employee, consultant and other representative of HydroPlumb Mechanical Ltd. is expected to read and become familiar with the Ethical Code. The Code applies to all employees and consultants and to all business transactions.

Any known or suspected violations of this Code should be reported immediately to the President of HydroPlumb Mechanical Ltd.

Our continued good reputation is, in a very real way, in your hands. The reputation that we have earned over the years can be tarnished by a single improper act. We depend upon you to do the right thing, for yourself and for the company.

With your help, we will continue with our reputation for excellence and integrity.

*Nick Haitas,*  
President

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## GENERAL PRINCIPLES OF ETHICAL CONDUCT

The company's ethical standards require compliance with the laws of every jurisdiction in which we do business. However, these standards also go beyond the legal minimum and set forth a higher level of conduct dictated by the HydroPlumb Mechanical Ltd.'s own values and expectations. Our employees are expected not only to comply with all relevant laws but also to act in every respect with honesty, fairness and integrity. The Ethical Code described should be regarded as more than just a set of rules. It is also a statement of beliefs that should guide employees' conduct in many different situations. You can resolve most ethical questions in your workplace by simply taking time to consider whether, as required by this Code, you are acting fairly and honestly toward your fellow employees, the clients, suppliers and owners who rely on our company.

HydroPlumb Mechanical Ltd. believes that all persons acting on its behalf should comply with the company's ethical standards. Consultants, agents and other representatives of the company have the same obligation to deal ethically with our various constituencies, as do full-time employees of the company. Such persons are expected to become familiar with and to observe the Ethical Code described, to the same degree as regular employees. Thus, all references to "employees" in the material which follows should be read to include not only those on our regular payroll, but also temporary employees, agents, consultants or any other persons retained by the company to perform services on its behalf.

Our Ethical Code covers two (2) general types of conduct; a guideline for personal ethical decisions by employees, and rules to insure legal and ethical compliance by the company as a corporation.

## PERSONAL ETHICAL GUIDELINES

### *Affirmative Responsibilities*

Each employee has an individual responsibility to deal ethically with clients and suppliers, fellow employees, and the owners, as well as the general public. Employees are expected to do more than merely avoid unethical conduct affecting these groups. They must also take the initiative and assume affirmative ethical responsibilities for quality, honesty and fairness.

We have been a leader in producing quality work and service. Each employee is expected to demonstrate a commitment to quality in everything he or she does. By the quality of our effort, each of us in effect puts our signature on whatever we do, whether it is installing a high end HVAC system, writing a memorandum or reviewing a fellow employee. We should have enough pride in ourselves to put the maximum effort into anything that bears our name. Indeed, the quality of what we produce reflects our integrity.

We expect from each employee honesty and openness in dealings with others. Employees, for example, must be willing to accept responsibility for their mistakes. We must each be willing to tell our supervisors the bad as well as the good news - such as the reasons for potential product problems and unexcused absences or tardiness. Supervisors have a corresponding responsibility for honesty in their treatment of subordinates. Performance reviews should include an open discussion of subordinates'

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strengths and areas for improvement. Performance problems or interpersonal conflicts should be dealt with and discussed when they first appear and should not be left unresolved.

Employees are expected to raise ethical concerns and report any actual or suspected ethical misconduct to their supervisors and to the President. Honesty also requires that employees refuse to participate either actively or passively in any cover-up of such misconduct. Each employee is expected to cooperate fully in any investigations of ethical matters by the company. "Looking the other way" on potential ethical violations is in direct contradiction to the company's commitment to honesty and integrity and will not be tolerated.

All employees are expected to treat their fellow employees with fairness and respect. All employees must be given an equal opportunity to succeed regardless of their race, colour, sex, religion, age, national origin, handicap, veteran status or personal idiosyncrasies. Harassment or unequal treatment of fellow employees based on such arbitrary standards has no place in this company. The diversity of our work force is one of its great strengths, and each employee's uniqueness should be treated with tolerance and respect. Our supervisors are expected to foster an environment that encourages each employee to develop his or her capabilities to the fullest without interference from discriminatory, unequal or harassing treatment.

### **Prohibited Conduct**

Our Ethical Code requires employees not only to take positive actions for quality, honesty and fairness, but also to avoid certain unethical conduct. Such prohibited conduct includes outside conflicts of interest, receiving gifts from suppliers or clients, or using the company resources for other than company purposes.

Employees, their spouses and other close family members are expected to avoid any outside interest or activities that could be advanced at the expense of the company's interest. Such involvement may divide an employee's loyalty between the company and the outside interest and thus create a potential conflict of interest. Any involvement with a competitor, supplier or customer, is, for example, strictly prohibited because such interest could affect an employee's objectivity in promoting our interest. Employees, therefore, may not work for or provide advice or consulting services to a competitor, supplier or customer. Employees also should not run a side business in their free time which compete with, sell to, or buy from the company and should avoid any financial investments in competitors, suppliers or clients other than nominal investments in public companies.

Gifts from suppliers, clients, or competitors to employees raise the appearance, if not the reality, of dishonest or unfair dealings. It is HydroPlumb Mechanical Ltd.'s policy that all business decisions are made impartially and fairly and not on the basis of gratuities offered to employees. Therefore, no employee, or any of his or her family, may solicit or receive favours, gifts, loans or other benefits (including services and discounts as well as material goods) from any supplier, customer or competitor. The only exception to this policy is for casual entertainment or gifts (other than money) of nominal value [\$50.00], which are customarily offered to others having a similar relationship with the supplier, customer or competitor. The company recognizes that in some cases the amount may be in excess of

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\$50.00, and in these few cases written approval of the President must be obtained prior to accepting the entertainment or gift. If an employee is offered money or a gift, or if a gift arrives at an employee's home, the employee should inform his or her supervisor immediately. If the gift or gratuity is contrary to this policy, arrangements will be made to return or dispose of it, and the customer, supplier or competitor will be reminded of our policy against such gratuities. Our employees should exercise good judgment in deciding whether to accept a gift of nominal value or casual entertainment and should resolve all doubts and questions in favour of declining to accept the offer.

Each of us has a responsibility to use company resources, including time, materials, equipment, and proprietary information, for company business purposes only and not for personal benefit. Any such personal use, without proper permission, under this Code, does in fact, amount to theft of company property. Employees are, for example, expected to engage only in company related activities during normal business hours and should not use such time for conducting personal business. Company property, such as shop equipment and tools, office materials, and facilities, should not be used by employees for other than company purposes. Only the President in writing may authorize use of such property in connection with community or employee social or personal activities.

Employees receive the company's business and technical information and technical expertise in trust and are expected to maintain such information in confidence and not to disclose or use it other than in the company's business and for the company's benefit. This information includes, for example, names of clients and suppliers, manufacturing processes and equipment, engineering drawings, business plans, unpublished financial and marketing information and all documents and data, which relate to such items. Approval of the President in writing must be obtained before any such information is disclosed to persons outside the company.

Operating procedures, processes and ideas relating to the company's business or developed as a result of a company assignment belong to HydroPlumb Mechanical Ltd. and should not be otherwise used or commercialized by employees. For example, computer software developed on company time or equipment or using company information cannot be sold or licensed to others by individual employees. Engineering designs and information relating to our products and services also may not be used other than in HydroPlumb Mechanical Ltd. business.

Employees have a responsibility not to misuse the inventions and ideas of others. Copyrighted material, for example, should never be plagiarized or copied for general distribution. This policy applies to computer software programs, as well as to written material.

### **ETHICAL GUIDELINES FOR COMPANY ACTIONS**

As a company, HydroPlumb Mechanical Ltd. must observe certain ethical and legal standards in order to meet its obligations to clients and suppliers, employees, shareholders and the general public. The company is committed to conducting its affairs with honesty and integrity and in full compliance with the laws and regulations of every area in which it does business. Therefore, all employees are expected to insure not only their own ethical conduct in the areas just described but also the observance by the corporation of certain guidelines for ethics in its business. These guidelines cover gratuities and

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payments to third parties, security procedures, marketing practices, employee and social responsibilities, and maintenance of books and records.

### ***Entertainment and Gratuities***

HydroPlumb Mechanical Ltd. believes that business decisions by its clients should be made solely on the basis of our quality, service, price and other competitive factors. Gifts and entertainment of nominal value [\$50.00] are used to create good will with our clients. If they go beyond that and make the customer feel obligated to offer any special consideration to the company, they are unacceptable. Our policy is to avoid even the appearance of favouritism based on business courtesies.

Employees should exercise good judgment and moderation and should only offer gratuities to clients to the extent they are in accordance with reasonable customs in the marketplace. On occasions when gift giving or entertainment is widely accepted and customarily practiced, you may offer such gratuities to employees of non-governmental clients that are lawful, appropriate, of nominal value, consistent with that customer's policies and properly recorded on our books. However, no gifts or entertainment whatsoever should be offered to government employees. Many government agencies have strict rules that prohibit employees from accepting even the smallest business courtesies.

Normal entertainment of non-governmental clients and suppliers covered by standard expense account reporting is permissible unless contrary to applicable law or to that non-governmental customer's or supplier's own policy. Also, when permitted by law, the company may pay the travel expenses of employees of private clients visiting our facilities for business purposes, provided the expenses are reasonable and properly recorded.

### ***Payments to Third Parties***

HydroPlumb Mechanical Ltd. should only make payments to third parties for services or products properly provided to the company. No employee shall make any direct or indirect payment in the nature of a bribe, payoff or kickback to any government employee or the personnel of any customer, supplier, or competitor. In order to avoid even the appearance of improper payments, no payments are to be made by the company in cash, other than approved cash payrolls and documented petty cash disbursements. No corporate cheques are to be written to "cash", "bearer", or third party designees of the person entitled to payment. Cash payments may never be made to employees of competitors, suppliers, clients or government agencies. Such payments create the potential for favouritism by such employees based on other than competitive factors.

### ***Responsibilities to Employees***

HydroPlumb Mechanical Ltd. believes that all of its employees should have a safe workplace and equal opportunities for promotion and advancement. We will comply with all applicable workplace safety and other similar laws and regulations. HydroPlumb Mechanical Ltd. is committed to maintaining safe working conditions in its facilities. Employees are expected to assume individual responsibility for safety compliance by familiarizing themselves with safety procedures, following all necessary

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precautions, avoiding any activity that might endanger fellow employees, and notifying safety personnel of any potentially dangerous conditions in the workplace.

The company's policy is to recruit, hire, promote and deal with all employees fairly and without regard to race, colour, sex, religion, age or national origin. and to take affirmative action to insure that these policies are implemented. The company expects all employees to support these policies and to treat fellow employees with respect and consideration. Harassment or unequal treatment of other employees based on race, colour, sex, religion, age, national origin or other arbitrary standards is repugnant to the company's ethical and legal standards and will not be tolerated.

### **BOOKS AND RECORDS**

#### ***Financial***

HydroPlumb Mechanical Ltd.'s business integrity is reflected in a concrete way in its books and records. All employees are responsible for insuring the accuracy and reliability of the company's accounts. Fictitious, improper, deceptive, undisclosed or unrecorded accounts of funds, or assets, are a serious ethical violation. It is the policy of the company that all books and records conform to generally accepted accounting principles and to all applicable laws and regulations. All transactions must be accurately documented and accounted for on the books and records of the company. All entries must contain appropriate descriptions of the underlying transactions and no false or deceptive entries shall be made. All employees are expected to maintain accurate timekeeping. No employee shall enter into any transaction that is other than as described in this supporting documentation. Furthermore, no employee shall participate in obtaining or creating false invoices or other misleading documentation or inventing or using fictitious entities, sales, purchases, services, loans or other financial arrangements for any purpose. Finally, HydroPlumb Mechanical Ltd. will not maintain or use any anonymous [numbered] bank account or other account that does not identify HydroPlumb Mechanical Ltd.'s ownership.

#### ***Product Integrity***

Strict product integrity is necessary for HydroPlumb Mechanical Ltd. to achieve its quality objectives and to maintain its reputation for quality products. All of our products must conform to all the requirements, specifications and standards required by our client or by us. It is our policy to never wilfully conceal poor or defective work or products, intentionally falsify records or make false certifications or claims regarding our products.

### **COMPLIANCE**

All employees, agents, consultants and other representatives are expected to be familiar with and to observe these ethical standards. Violations of HydroPlumb Mechanical Ltd.'s Ethical Code may be grounds for immediate discharge. Supervisors are responsible for insuring compliance with this Ethical Code by monitoring and enforcing the Code within their areas. Indeed, such compliance will be one of the performance standards by which all supervisors will be measured. All supervisors are expected to lead by example and communicate a real concern for adherence to these ethical guidelines.

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Periodic audits of compliance with this Code will be conducted. Any employee having information of any conduct in violation of these guidelines is expected to report the matter promptly to the President or the Project Manager. "Looking the other Way" only gives tacit approval and encouragement to unethical conduct and has no place at HydroPlumb Mechanical Ltd.

HydroPlumb Mechanical Ltd. has a program of requiring certain employees to certify annually that they have complied with these standards and have reported to the appropriate person any deviation from these standards by themselves or any other employee of which they have knowledge.

Every company has a particular culture or atmosphere that is unique to it. HydroPlumb Mechanical Ltd. has developed a culture that emphasizes a commitment to excellence and integrity. As HydroPlumb Mechanical Ltd. continues to expand, we will have to work harder to maintain our ethical culture. However, our continued success in serving our clients and suppliers, employees, shareholders and the general public will still depend, as it has in the past, upon each individual employee's ethical commitment.

Let us all resolve together to continue to be a company which will tolerate nothing less than complete honesty, fairness and integrity in our dealings with all the groups that depend on us.