Dear Colleague,

In 2016, PAE reached a significant milestone in the company’s history and long-term growth strategy with our acquisition by Platinum Equity. Our partnership with Platinum Equity has presented new opportunities to expand our business organically and through acquisitions, continuing the enduring support we provide to our customers’ essential missions around the world. With Platinum Equity’s support of our management team, PAE has also invested in key areas of the company that enhanced our service delivery to our customers and facilitated future growth through optimizing critical internal processes.

PAE welcomed several new leaders throughout the year who helped to shape and implement our commitment to continuous improvement. Among them, a Director for Quality, Environmental, Safety and Health (QESH) was appointed to oversee and coordinate the company-wide QESH program. Under his leadership in 2016, PAE introduced a new initiative titled Project Excellence, which has leveraged company and industry best practices to standardize PAE’s operational approach to project and program management. We also welcomed a Vice President of Transformation to lead a significant number of process improvement initiatives that will enhance the quality and consistency of our internal operations, and enable us to scale our operations in the future.

As a trusted partner to our government customers, PAE prides itself on providing reliable and high quality services to fulfill their missions, with the highest commitment to ethics and integrity in our business operations. Our commitment to continual improvement also applies to the way in which we nurture our company culture and train employees to perform in accordance with our Code of Conduct. Every year, we examine the initial training delivered to our employees and seek additional ways to incorporate our corporate values into additional discussions throughout the year and our normal course of business.

Those values remain as such:

**Perform with Excellence and Integrity** – Deliver 100% of customer commitments, on time, within budget and with the highest standards of ethics and compliance.

**Enable the Business** – Ensure safe and secure operating environments for all employees.

**Grow the Business** – Create a culture of growth and entrepreneurial behavior that drives value and opportunity for ownership, customers and employees.

Under new ownership, with increased investment towards improving every aspect of our operations and service to the U.S. government, I am pleased to also renew our commitment to the Global Compact principles. We are proud to recommit ourselves for the year ahead and pledge to maintain and continually increase our support of responsible, ethical and business operations.

John Heller
Chief Executive Officer
Ten Principles of the UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: Make sure that they are not complicit in human rights abuses.

Labor Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: The elimination of all forms of forced and compulsory labor;
Principle 5: The effective abolition of child labor; and
Principle 6: The elimination of discrimination in respect of employment and occupation.

The Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: Undertake initiatives to promote greater environmental responsibility; and
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.
Principles of the UNGC: Businesses should support and respect the protection of internationally proclaimed human rights; and make sure they are not complicit in human rights abuses.

**PAE Values**

One of PAE’s core corporate values is to “perform with excellence and integrity.” We expect that all employees integrate this commitment into their daily work - whether they support our customers’ missions directly or indirectly. In a direct sense, PAE’s Global Logistics & Stability Operations business unit includes programs that provide critical support to the civil infrastructure of conflict and post-conflict countries; assist foreign governments that are challenged to provide for the needs of their citizens; and provide logistics and training to support basic human needs within the context of peacekeeping and humanitarian missions.

**PAE Initiatives**

PAE’s mandatory annual ethics and compliance trainings includes an explanation of the company’s expectations of behavior as stated in the Code of Conduct entitled “Leading the Way.” Among the topics covered in the training, special attention is paid to ethics awareness, diversity and inclusion, human trafficking, creating a harassment-free workplace and Equal Employment Opportunities. PAE educates its employees on the U.S. Federal Acquisition Regulation and provides additional training to mitigate even the slightest perception of inappropriate behavior.

PAE is committed to ethical performance of our work, and we support the industry-wide efforts of the International Stability Operations Association to promote universal standards of conduct. PAE’s comprehensive compliance plan trains our employees to recognize and report violations they may observe in their work or travels, such as instances of human trafficking, which is one of the fastest growing criminal activities in the world.

**PAE Code of Conduct**

PAE’s Code of Conduct stipulates that all employees are required to comply with our own corporate policies, the laws of the United States and the laws that govern their country of operation.

Our zero tolerance policy is in place to protect employees from discrimination and harassment, and employees are encouraged to report any violation of this policy or any other concern. In addition to reaching out to our Chief Ethics & Compliance Officer personally, PAE employees have various channels to report violations, including our 24-hour Ethics Hotline, which is reachable by international and domestic employees via phone or email. While these and other regulatory measures are effective, it is truly the management team that sets the tone and expectations for the rest of the workforce. Through their example and the corporate policies in place, PAE uses every resource at its disposal to support and protect human rights.

**PAE Spotlight:**

PAE’s Justice Sector Support Program (JSSP) was recognized for providing technical support and encouragement to reactivate the dormant Attorney General’s Office (AGO) website, which went live on February 22. PAE JSSP works diligently with AGO to use the website to improve communication and reporting systems to increase accountability and transparency. This achievement ties into the larger PAE JSSP mission of assisting the Afghanistan government with building its organizational capacity by providing training and mentoring to Afghan civil servants in, among other things, budgeting, communications, ethics, human resources, policy and planning, legislative drafting and procurement management.
Labor Standards

Principles of the UNGC: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

PAE Values

PAE’s commitment to fair labor standards provides employees with the right to collective bargaining; fair compensation for the work they do; and protection from every form of discrimination. We believe that our employees are our most valuable assets, and we prioritize their individual and collective needs accordingly. PAE’s workforce includes a number of union labor groups, and we are proud of the effective collaborations between PAE Labor Relations and these teams to most effectively support the missions of our customers.

PAE Initiatives

PAE has continued its partnerships with organizations such as the International Stability Operations Association and the United Nations Global Compact to expand awareness of globally recognized fair labor standards.

Operating in over 60 countries on all seven continents, PAE’s diverse workforce is comprised of individuals who represent a wide spectrum of age, ethnicities, religions and races. To protect our employees from abuse or harassment, and to ensure that our working environment is inclusive and respectful of all employees, PAE implements a zero tolerance policy against any sort of discrimination.

Every PAE employee is trained on our policies on non-discrimination, Equal Employment Opportunity, our culture of leading with integrity and excellence, and our commitment to maintaining a safe and healthy work environment, among many others. At the conclusion of our new-hire orientation and every annual ethics and compliance training, every employee is required to sign and return an acknowledgement page, confirming that they comprehend and voluntarily agree to follow the policies by which PAE is governed.

Forced labor and child labor are strictly prohibited in every area where we work. We promote the use of our Ethics Hotline, and PAE’s Chief Ethics & Compliance Officer works closely with PAE’s Legal department, Human Resources and Program Managers to thoroughly investigate any reported allegations, and take action if necessary.

PAE Code of Conduct

PAE’s support of our employees’ fair labor rights around the world is vital to maintaining a productive workforce. In turn, we expect our employees to create a culture of fairness and equality amongst themselves by treating each other as they wish to be treated. This is a recurring theme throughout our policies and Code of Conduct, where our employees must lead with integrity and excellence.

PAE Spotlight:

PAE employees have access to the PAE Library, which stores all of the company’s policies and related documents. Weekly company communications direct employees to the Library for various policy updates and procedures that enforce our values of working with integrity and excellence. Our employees are educated and trained on our labor policies on the first day of their employment, and the entire workforce is re-trained on key elements of our business conduct on an annual basis. We prohibit discrimination in any form and take an active approach to recruiting and developing a diverse workforce, which we believe is one of our greatest organizational strengths.
Principles of the UNGC: Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

PAE Values
PAE recognizes that the safety of our employees and the protection of the environment are imperative to ensuring our operational success. PAE’s newly appointed Director for Quality, Environmental, Safety and Health (QESH) reporting to the Chief Operating Officer centralizes PAE’s approach to applying QESH best practices across our diverse business units. Our Environmental Safety and Health (ESH) initiatives are then implemented by local ESH representatives on sites where PAE is the majority owner of contract operations. We have continued the efforts from previous years to reduce hazardous environmental releases and other ESH incidents on contract sites around the world. Our ESH organization continues its active request for input from our diverse workforce, in an effort to combine the knowledge from our different backgrounds and experiences. PAE is also proud to have our headquarters in a Leadership in Energy and Environmental Design (LEED) designated building. Throughout the year, our employees participate in LEED initiatives such as an E-waste recycling project.

PAE Initiatives
PAE emphasizes to its employees that prevention is the first line of defense against hazardous environmental impacts. Our Target Zero goal - an initiative aimed at eliminating injuries and negative environmental impacts - applies throughout the company. We have continued pollution prevention initiatives and recurring training for all on-site employees on proper disposal of hazardous waste. We have also continued our recycling and reusable materials plan at international project sites.

Our ESH representatives record, log and report all safety incidents and environmental releases. These incidents are tracked on a system modeled after a blend of the ISO-9000, ISO-14000 and OHSAS-18000 certification requirements.

Our ESH standards apply to our procurement process as well. PAE upholds U.S. standards for purchasing materials that do not contain lead or asbestos from international vendors. In the absence of nation-specific environmental laws, we adhere to the Overseas Environmental Baseline Guidance document, and our subcontractors make every effort to incorporate LEED standards into our construction projects. We choose to use products that are safe for our client, the environment and our employees. Our goal is to reduce waste; maximize the utility of any unavoidable waste; and conserve energy, water and any other natural resources in the construction and/or maintenance phase of our programs.

PAE Code of Conduct
Our Code of Conduct addresses our company’s commitment to a safe and healthy work environment, and we ask that all members of our organization consider themselves ambassadors of public safety. Not only are all employees responsible for complying with ESH regulations and laws, they are also required by policy to report any injury sustained or accident observed on a job site to their management immediately.

PAE Spotlight:
In 2016, PAE employees at Sheppard Air Force Base in Texas surpassed the one year mark (equivalent to 490,560 working hours) without a single OSHA reportable injury. The team demonstrates a collective approach to health, safety and wellness and believe that changes in their attitude and culture emphasizing safety has helped them achieve the safety milestone.
**Anti-Corruption**

*Principles of the UNGC: Businesses should work against corruption in all its forms, including extortion and bribery.*

**PAE Values**

Given the different cultures in each of the countries where PAE operates, our employees have and will continue to encounter varying interpretations of business protocol. Because a gesture could be considered typical etiquette in one country and bribery in another, PAE and other contractors must be proactive in training employees to avoid the most conservative definitions of extortion and bribery.

PAE provides employees with ample training to prepare them for any instance of corruption they might confront, and implements precautions to ensure that the laws of the United States and foreign governments are strictly followed. Through diligent instruction and annual reinforcement of policies and procedures through our annual ethics and compliance training, PAE employees receive a comprehensive education on how to operate ethically and professionally.

**PAE Initiatives**

PAE’s Chief Ethics & Compliance Officer serves as one of the four founders of the Compliance Leadership Roundtable (CLR), which was established in 2013 to promote excellence in compliance and reality in regulations. The invitation-only group of key leaders in the Washington, DC metropolitan area collaborates with other relevant professional organizations, and educational institutions to promote development and continued learning for leaders in the compliance profession.

PAE’s Chief Ethics & Compliance Officer leverages the CLR to shape quarterly compliance discussions on high risk areas; such as False Claims Act, respect and workplace safety, and conflicts of interest. The Chief Ethics & Compliance Officer also chairs a Monthly Compliance Council comprised of functional executive leaders to: oversee the Company’s implementation of compliance programs, policies and procedures that are designed to be responsive to the various compliance and regulatory risks facing the company; assist the Chief Ethics & Compliance Officer in fulfilling oversight responsibility for the Company’s compliance and ethics programs; and perform any other duties deemed as necessary.

PAE’s quarterly employee magazine, *Inside PAE*, regularly includes perspectives from the Ethics & Compliance Office and offers examples of unethical behavior in our industry, to emphasize the importance of following our anti-corruption policies. In the event of a corruption claim, the Ethics & Compliance Office works closely with our General Counsel to investigate thoroughly.

PAE’s position against corruption is not only the concern of our Ethics and Legal departments. Our Procurement team is required to compare vendors’ costs to ensure fair competition. Procurement personnel are also specially trained to not accept gifts of any value from potential vendors, to avoid even the perception of bribery. Additionally, our International Trade Compliance Office procures the appropriate authorizations for international shipments to fulfill all regulatory requirements.

**PAE Spotlight**

In July, PAE’s Vice President of Governance and Institutional Development participated as a panelist at the American Conference Institute’s (ACI) 7th Global Forum on Anti-Corruption Compliance in High Risk Markets. The forum focused on practical strategies to detect, investigate and mitigate bribery and other forms of corruption and enforcement risks.
Leading the Way: Code of Ethics and Business Conduct is available online at:
http://www.pae.com/about-pae/ethics-and-business-conduct
# Table of Contents

- About the Office of Ethics & Compliance .......................................................... 1
- Ethics Process Overview .......................................................... 2
- Comply with Laws and Regulations .......................................................... 9
- Zero Tolerance for Discrimination and Harassment .................................. 10
- Maintain a Safe and Healthy Work Environment ........................................ 11
- Accurately Charge Labor and Other Costs .................................................. 12
- Maintain Accurate Business Records ......................................................... 13
- Responding to Investigations and Legal Action ...................................... 14
- Strictly Adhere to All Antitrust Laws ....................................................... 15
- Do Business Ethically Outside the United States ........................................ 16
- Political Contributions and Activities, Including Lobbying ..................... 18
- Compete Fairly for All Business Opportunities .......................................... 19
- Provide and Accept Appropriate Business Courtesies ............................. 20
- Avoid Human Trafficking ........................................................................ 21
- Avoid Personal Conflicts of Interest ......................................................... 23
- Avoid Conflicts of Interest when Hiring and Working with Former Government Employees ........................................................ 25
- Properly Engage Consultants, Representatives, and Other Third Parties .................. 26
- Protect Sensitive Information ................................................................. 27
- Protect Personal Information ................................................................... 28
- Properly Use Company and Customer Assets ............................................ 29
- Computing and Information Resources ................................................... 30
- Corporate Communications, Public Affairs and Social Media ................. 31
- Corporate Philanthropy ............................................................................. 32
- Participate in Ethics & Compliance Training ........................................... 33
- Warning Signs - You may be witnessing an ethical violation when you hear .. 34
- Contacts ................................................................................................. 35
- Comments on the Code ........................................................................... 36