



## VSE CORPORATION

### CONSOLIDATED GENERAL POLICY MEMORANDUM NO. 1300

DATE: December 7, 2012

SUBMITTED: T.M. Kiernan, General Counsel and Secretary

APPROVED: M. A. Gauthier, CEO/President/COO (*Signature on File*)

SUBJECT: Code of Business Conduct and Ethics

REVISION STATEMENT: This memorandum supersedes and replaces Consolidated General Policy Memorandum No. 1300, revision 1.0.

#### BACKGROUND

This Code applies to all VSE employees. The term “employee” or “employees” means:

- all officers and employees of VSE Corporation (“VSE”);
- all officers and employees of each VSE subsidiary and division;
- the principal executive officer, principal financial officer, principal accounting officer, or controller, and any other persons performing similar functions for VSE.

The Supplement “VSE Supplier Code of Conduct”, applies to all VSE suppliers (subcontractors, vendors, sellers, teaming partners, and consultants).

This Code also applies to each VSE member of the board of directors (employee director and non-employee director) to the extent consistent with the director’s duties and responsibilities under VSE’s certificate of incorporation and bylaws, Delaware corporation law, Nasdaq listing requirements, Securities and Exchange Commission rules and regulations, or other superseding authority.

The term “Company” as used in this Code means VSE Corporation and each of its subsidiaries and divisions.

The purpose of this Code is to ensure that all employees understand their responsibilities with respect to conducting the Company’s business in an ethical manner. All employees must comply with the provisions of this policy on a timely basis. Failure to comply could impair the Company’s ability to receive future contracts as well as subject noncomplying employees to disciplinary and legal consequences, including immediate suspension or termination of employment.

Written policies in general, and ethical guidelines in particular, can never cover every circumstance and permutation. It is up to each employee to apply wisely the common

Revision 2.0

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themes running throughout this Code. Employees with questions about how to apply these general principles should contact their supervisor or the Corporate Compliance Office, under the General Counsel and Secretary. Most daily policy questions can probably be resolved by asking yourself this question: *“Would I be comfortable if my actions in this situation became known to my family, friends, employer, co-workers, and the general public?”* If the answer is “yes,” you are probably doing the right thing.

## POLICY STATEMENT

1. General Integrity and Compliance with Laws. All employees and directors are expected to observe the highest standards of business ethics and to seek to comply with all laws, regulations, and contract requirements that are applicable to the Company’s business. Failure to comply may subject the employee or director, as well as the Company, to liability. Where laws, regulations, and contract requirements are ambiguous or difficult to interpret, employees should contact their immediate supervisor and, if necessary, their next level of supervision. If corrective action is not taken by a supervisor within a reasonable period of time, the matter should be brought to the attention of the Chief Executive Officer or the Corporate Compliance Office.
2. Conflicts of Interest. Any material transactions between the Company and its directors, officers, stockholders, employees, agents or affiliates, or members of their immediate family, must be submitted to, and approved by, the Company’s board of directors (the “Board”) or the Board’s Audit Committee. This includes any transactions with third parties (e.g., vendors, franchisees) in which such persons have a material interest. If you encounter any such transactions, notify the Chief Executive Officer or the Corporate Compliance Office.

Conflicts of interest can arise when you or a member of your family receive improper personal benefit because of your position with the Company. Unless you obtain approval in the manner described above, you should not take actions, conduct business, or make statements that create real or potential conflicts with the Company’s interests, including taking a personal, proprietary or financial interest in an entity with which the Company does business or competes, or which could adversely, or appear to adversely, influence you in your Company employment.

You may not have an outside job, business, financial interest or activity that, because of its size, significance or nature, adversely affects your performance or that conflicts or appears to conflict with the Company’s interests. Employees should obtain the approval of the Chief Executive Officer, or, in some cases, the Board, before they get a position outside the Company that pays money or other consideration. Directors should notify the Board or the Audit Committee about any actual or possible conflict of interests.

You may invest in entities that supply or purchase goods or services to or from the Company so long as the entity is listed on a national securities exchange or regularly traded by national securities dealers and you purchase only one percent or less of the market value of the entity’s outstanding securities. If you want to purchase from entities

not meeting this standard, or in greater quantities, you must receive the Board's approval before investing.

3. Gratuities. Employees and directors are prohibited from making, or causing others to make, bribes or illegal payments to promote Company interests. Prohibited actions include money, favors, gifts, costly entertainment, or inappropriate use of Company facilities. Acts of hospitality toward public officials and Government employees should be of such a nature as to avoid compromising either the Government employee or the Company employee or director. Federal law generally prohibits providing gifts of any kind to Federal officials. There are some limited exceptions, including unsolicited gifts (such as business lunch) having a market value of less than \$20 per occasion and less than \$50 per calendar year. If you have any questions, please contact the Corporate Compliance Office in advance.

4. Foreign Corrupt Practices Act (FCPA) The Company, and its employees and directors must comply with all anti-bribery laws, including the U.S. Foreign Corrupt Practices Act (herein "the FCPA") and other anti-corruption laws applicable to our business operations. Employees shall not (a) directly or indirectly, give, offer, promise or approve a bribe to a foreign government official in order to obtain or retain business for the Company, or for any improper business purpose and/or (b) fail to maintain accurate financial books and records in accordance with the internal accounting controls established by the Company. The Company, our affiliates, our associates, third-party representatives, and joint venture partners are required to comply with this policy whether domestic or abroad. Violators face potential severe disciplinary action including termination, harsh civil fines and criminal penalties, including possible imprisonment. See VSE's CGPM 1303 Foreign Corrupt Practices Act (FCPA) and Anti-Bribery Policy.

5. Political Contributions. The Company will not contribute to political parties or candidates for office except as allowed by applicable campaign laws and regulations.

6. Proper Accounting. Compliance with accepted accounting rules and controls is expected at all times. The books of accounts, budget proposals, economic evaluations of projects, documentation supporting the disbursement of funds, and all other Company records must fairly reflect all transactions. All accounting shall be handled in such a manner as to insure that accurate and legitimate costs are charged to the appropriate contract or account. Creation or use of unauthorized accounting records to manage jobs or meet customer reporting requirements is prohibited. VSE is a publicly held corporation: all reports and documents filed with the Securities and Exchange Commission ("SEC"), and all other public communications made by VSE, will contain full, fair, accurate, timely, and understandable disclosures.

7. Safeguarding Sensitive Data. Employees and directors with access to proprietary data or industrial security data are expected to protect and safeguard all such data to avoid improper disclosure. Please refer to VSE's written general policies for further information on this subject.

8. Insider Trading. In general, it is unlawful – and it is against VSE policy – for an insider to buy or sell VSE Stock when the insider has material information about the Company that the general public does not have. The term “insider” includes directors, employees and other persons such as family members who may have important information about the Company which has not been made available to the general public. To comply with the law, VSE has adopted a policy that (a) no insider will trade VSE Stock when the insider has material nonpublic information about the Company, (b) no insider will release nonpublic information about the Company without VSE’s authorization, and (c) VSE will make public all material information about the Company in a timely manner in Company news releases or similar official sources. Violation of VSE’s policies could result in termination of employment or in other similarly severe disciplinary action depending on the insider’s relationship to VSE. Please refer to VSE’s written general policies for further information on this subject.

9. Acceptance of Costly Entertainment, Services, or Gifts. Employees and directors may not accept costly entertainment, services, or gifts that may create the appearance of a conflict between the interests of the employee or director and the Company. Where gifts and services are unavoidable because of local custom, they should be reported to the employee’s supervisor for a determination by the supervisor, the Corporate Compliance Office, or the Chief Executive Officer, of the extent to which they are to be considered the personal property of the recipient.

10. Fair Competition. Employees shall not enter into understandings or arrangements with competitors which may unlawfully or disloyally affect pricing or marketing policies.

11. Professional Workplace. The Company is committed to maintaining a professional and productive work environment. Certain relationships have the potential to interfere with this goal. Supervisors have a special duty to promote and maintain a workplace free from harassment and discrimination, and are expected to serve as examples for other employees by adhering to the highest standards of professionalism in all their actions. Romantic or sexual relationships between supervisors and employees may have a tendency to disrupt operations, decrease productivity, negatively affect morale, and otherwise interfere with the fulfillment of corporate goals. In certain circumstances, such relationships may also subject the Company to potential liability.

12. Prohibited Use of Company or Client Resources. Employees shall not, at any time, use corporate or customer resources for unauthorized purposes.

13. Corporate Ombudsman. The corporate Ombudsman is appointed and authorized by the CEO/President/COO to investigate VSE employee complaints and attempt to resolve them. In addition, the Ombudsmen is to identify systemic internal or external issues leading to poor service support or violations of corporate policy, and working in conjunction with the Compliance Working Group (CWG) and the appropriate Group President(s), to introduce improvements to reduce and/or alleviate these issues.

The Manager of Internal Controls will serve as the corporate Ombudsman, unless otherwise designated by the CEO/President/COO.

14. “Hotline” Reporting and Investigation. In addition to the reporting procedures specified above, the Company maintains a “DoD Hotline, a “VSE Audit Committee Hotline” and an independent third party Hotline service to report actual or suspected violations of this Code of Ethics; waste, fraud, and abuse; and complaints about VSE accounting, internal controls, auditing matters, or other financial concerns, including fraudulent record keeping or reporting. Reports made by the “hotline” systems may be made anonymously. Please see the “VSE Intranet” home page for additional information and telephone numbers or contact your local HR representative or the Corporate Compliance Office.

15. Suspected Violations. Suspected violations reported by “hotline” or by any other reasonably reliable process will be promptly investigated and consistent action will be taken as necessary in compliance with clear and objective standards, such as this and other written and published VSE policies and procedures. The Chief Executive Officer and Corporate Compliance Office are jointly responsible for assessing and ensuring the fairness of the process used to determine violations of Company policy.

16. Waivers and SEC Reporting. VSE will comply with SEC regulations requiring either (a) the filing of this Code with the SEC as an exhibit to VSE’s Form 10-K for the year ending December 31, or (b) the posting of the text of this Code on VSE’s Internet website and the disclosure in VSE’s annual report of such Internet address and the fact that the text hereof is posted on VSE’s Internet website. Any waivers for directors or executive officers of the Code must be approved by the Board. No waiver, actual or implicit as defined, of any provision of this Code for VSE’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing any similar position that relates to one or more of the items set forth in SEC Regulation S-K Item 406(b) will be effective until that waiver has been reported to the individual responsible for the preparation and filing with the SEC of VSE’s reports on Form 8-K or for the disclosure on VSE’s Internet website in sufficient detail to enable that individual to prepare the appropriate disclosure with respect to the waiver. Waivers for officers who are not executive officers and for any other employees shall be approved by either the Chief Executive Officer or an Executive Vice President, and waivers for employees who are not officers must be approved by the Corporate Compliance Office; the Chief Executive Officer shall report all such waivers to the Board.

17. Mandatory Disclosure Requirements of Crimes and Fraud. This policy is intended to comply with Federal Government Contractor requirements to timely disclose violations of Federal criminal law involving (1) fraud, conflict of interest, bribery, or gratuity violations, (2) violations of the Civil False Claims Act, or (3) significant overpayments on a government contract. All employees and directors are encouraged to disclose such suspected violations in accordance with the reporting procedures set forth herein. The Corporate Compliance Office will conduct or arrange for an investigation to determine if credible evidence of such a violation exists, which would warrant written disclosure to the proper U.S. Government officials, including the

applicable agency office Inspector General and Contracting Officer, if the violation is in connection with a federal government contracting activity. Depending on the severity of the circumstances, the VSE Audit Committee may be engaged in such investigations. VSE's internal control system as outlined herein, includes monitoring and auditing, periodic evaluation of the Ethics program, and risk assessment of potential criminal conduct under the cognizance of the Corporate Compliance Office.

18. Training. VSE will conduct necessary training, including dissemination of this policy, to increase employee and director awareness of VSE's Code of Business Conduct and Ethics.

## RESPONSIBILITY AND COMPLIANCE WITH CODE

1. All employees and directors are expected to comply with both the letter and spirit of this Code or a substantially similar version of this policy maintained by subsidiary corporations and approved in writing by VSE's Chief Executive Officer.

2. Orders or instructions issued to an employee in violation of this policy are to be reported to the employee's supervisor, or, if necessary, the next level of supervision, as is the discovery of events of a fraudulent or illegal nature. If corrective action is not taken by the employee's supervisor within a reasonable period of time, then the matter should be brought to the attention of the Chief Executive Officer or the VP of Human Resources. Compliance with any order or instruction issued in violation of this Code will not relieve the employee of responsibility for the misconduct.

3. Each employee and director shall execute acknowledgment of this Code indicating an understanding and acceptance of this policy (see below). This acknowledgment will be retained by the Company.

4. Employees, directors and supervisors hereby acknowledge that they are responsible for the diligent implementation of the contents of this Consolidated General Policy Memorandum, and supervisors hereby acknowledge that they are responsible for diligent periodic inquiry within their respective organizations to assure compliance with this policy and the other policies and procedures of the Company.

5. No adverse employment or other action will be taken, or permitted to be taken, against an employee who makes a report, in good faith, under this Code for making such report.

6. VSE shall post the text of this Code on its Internet website. Security violations affecting Government classified material should continue to be reported to the Security Officer in accordance with security procedures.

Acknowledgment:

The undersigned hereby acknowledges receipt of a copy of VSE Consolidated General Policy Memorandum No. 1300 and agrees to comply with it:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

RESPONSIBILITY: Manager assigned responsibility for the timely updating of this Code: General Counsel and Secretary

DISTRIBUTION: All Employees and Supervisors, Officers, and Directors

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Supplement “VSE SUPPLIER CODE OF CONDUCT”

VSE SUPPLIER CODE OF CONDUCT

*“For VSE Corporation, doing the right thing is not an option. Whether in providing the best possible products, services, or solutions in our world class customer service, VSE has a legacy of ethical behavior that dates back to the Company’s beginning. For over 50 years VSE has set the highest ethical standard for conducting business in areas from corporate and social responsibility to sound business practices including compliance with all applicable laws and regulations while delivering the best product at the right time and at the right price to our customer. In turn VSE expects the same commitment to a high standard of business ethics from our suppliers.*

*“The VSE Supplier Code of Conduct establishes the principles expected of our suppliers and passes to them our commitment that ensures a legacy of positive relationships. Our goal is to work with suppliers to ensure full compliance with these principles, as they in turn apply them to their own suppliers. The Code is made up of sections that outline standards for labor, health, safety, the environment, and standards relating to business ethics.*

*“VSE considers adherence to the principles of this code in selection of suppliers and teaming partners and expects full compliance”.*

*Maurice A. Gauthier, CEO, Signature on file  
William J. Jonas, VP Procurement, signature on file*

VSE SUPPLIER CODE OF CONDUCT

By acceptance of any purchase order, subcontract, vendor business agreement, teaming agreement or consultant agreement, the “supplier” or teaming partner accepts the following standards of conduct, known as the “VSE Supplier Code of Conduct” and acknowledges the commitment by VSE and itself to adhere to these standards.

**Supplier Relationships**

The standards set forth herein are expected of all suppliers to VSE including any parent companies, other legal entities, partners, subcontractors, and employees of the supplier. This document shall be made available to all employees and subcontractors of the supplier in a local language that is understandable to the employee or subcontractor. VSE expects the supplier to work with its own supply chain to ensure the principles and standards set forth in this code or an equivalent interpretation is met by its suppliers.

**Forced or Involuntary Labor**

VSE Suppliers will not use forced or involuntary labor of any type (e.g., forced, bonded, indentured or involuntary prison labor); employment is voluntary.



**Child Labor**

VSE Suppliers will not use child labor. The term “child” refers to any person employed under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. We support the use of legitimate workplace apprenticeship programs which comply with all laws and regulations applicable to such apprenticeship programs.

**Wages and Benefits**

VSE Suppliers will, at a minimum, comply with all applicable wage and hour laws and regulations, including those relating to minimum wages; overtime hours, piece rates and other elements of compensation, and provide legally mandated benefits.

**Working Hours**

VSE Suppliers will not exceed prevailing work hours and will appropriately compensate overtime. Workers shall not be required to work more than 60 hours per week, including overtime, except in extraordinary business circumstances with their consent. In countries where the maximum work week is less, that standard shall apply.

**Nondiscrimination**

VSE Suppliers will not discriminate in hiring and employment practices on grounds of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, gender identity or expression, marital status, pregnancy, political affiliation, or disability.

**Respect and Dignity**

VSE Suppliers will treat all employees with respect and will not use corporal punishment, threats of violence or other forms of physical coercion or harassment.

**Freedom of Association**

VSE Suppliers shall respect the legal rights of employees to join or to refrain from joining worker organizations, including trade unions. Suppliers have the right to establish favorable employment conditions and to maintain effective employee communication programs as a means of promoting positive employee relations that make employees view third-party representation as unnecessary.

**Health and Safety**

VSE Suppliers will provide their employees with a safe and healthy workplace in compliance with all applicable laws and regulations. Consistent with these obligations, Suppliers must have and implement effective programs that encompass life safety, incident investigation, chemical safety, ergonomics, etc., and provide the same standard of health and safety in any housing that is provided for employees. Suppliers should strive to implement management systems to meet these requirements.

**Protection of the Environment**

VSE Suppliers will operate in a manner that is protective of the environment. At a minimum, Suppliers must comply with all applicable environmental laws, regulations and standards, such as requirements regarding chemical and waste management and disposal, recycling, industrial wastewater treatment and discharge, air emissions controls, environmental permits and environmental reporting. Suppliers must also comply with any additional environmental requirements specific to the products or services being provided to VSE as called for in design and product specifications, and contract documents. Suppliers should strive to implement management systems to meet these requirements.

**Laws, Including Regulations and Other Legal Requirements**

VSE Suppliers will comply with all applicable laws and regulations in all locations where they conduct business.

**Ethical Dealings**

VSE expects our Suppliers to conduct their business in accordance with the highest ethical standards. Suppliers must strictly comply with all laws and regulations on bribery, corruption and prohibited business practices.

**Communications**

VSE Suppliers must make the VSE Supplier Code of Conduct and other relevant information available to employees in the native language(s) of the employees and supervisors.

**Monitoring/Record Keeping**

VSE Suppliers must maintain documentation necessary to demonstrate compliance with the VSE Supplier Code of Conduct Principles and must provide VSE with access to that documentation upon VSE's request.

**Deliverables/Products and Services**

VSE Suppliers must ensure that all deliverables to VSE Corporation and its end user are sufficiently safe and contain no hidden hazards, known or unknown that could jeopardize life, limb or property.

Responsibility: Is the responsibility of the Vice President of Procurement to enforce this policy and maintain the timely updating of its objectives.