



SUTRON CORPORATION
21300 RIDGETOP CIRCLE
STERLING, VIRGINIA 20166
(703) 406-2800 · FAX: (703) 406-2801
www.sutron.com

CODE OF CONDUCT SUTRON CORPORATION

REPRESENTING SUTRON

Dear Sutron Colleague:

It has always been the policy of Sutron Corporation to conduct our business activities with honesty and integrity. Our reputation is a result of the commitment of our people to provide services and products that meet high legal, ethical, and professional standards. We must continue to conduct our business in a manner that meets these high standards. We must avoid any actions that may give the appearance of impropriety and thus compromise the integrity of our clients or Sutron.

Although the importance of ethical behavior is appreciated by everyone, it may be difficult to determine the right thing to do in a particular situation. We have prepared this Code of Conduct to establish acceptable standards of behavior and business practices. Our continued dedication to the principles in this Code will promote our future success and will ensure our reputation as a professional firm with strong ethical and quality standards.

This Code of Conduct applies to all employees, officers and members of the Board of Directors (for convenience, collectively referred to herein as "employees") of Sutron Corporation, its branch offices and majority-owned subsidiaries (collectively, "Sutron" or the "Company").

Raul S. McQuivey
President and Chief Executive Officer
Sutron Corporation



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BUSINESS PROCEDURES

Compliance with Laws

Sutron is committed to being a responsible corporate citizen of the worldwide communities in which we reside. Sutron employees must comply with all laws and government regulations applicable in the country, nation, state and local in which you are operating.

Accurate Representation

We must deal fairly, lawfully and ethically with clients and suppliers. In dealing with clients, potential clients, suppliers and subcontractors, Sutron employees must be accurate and complete in all representations, giving no false or misleading statements. We owe it to our clients to give them current, accurate, and complete information. For U.S. government clients, the submission of a proposal or other document that is false, incomplete, or misleading, can result in civil and/or criminal penalties for Sutron, the involved employee and the supervisor who condones such practices. This can also result in the Company being debarred or suspended from work on Federal contracts.

Timesheets and Expense Reports

All timesheets and expense reports must be completed accurately and timely. Costs may not be charged to a client if that cost is not permitted by regulation or contract provision. No employee shall work for a client and charge to other clients or overhead accounts. The employee's signature on his/her timesheet or expense report is verification that the information in that document is a true representation of the hours worked or costs incurred and is the proper account for which those hours or costs were incurred.

Accounting Records and Reports

Payments and financial transactions involving Sutron must be authorized, recorded, and processed according to generally accepted accounting principles and proper internal procedures. All receipts and disbursements must be accurately documented and supported.

Company funds may not be used for any unlawful purpose. No undisclosed or unrecorded corporate funds may be established or expended for any purpose. Sutron accounting records are used to produce reports to management, shareholders, creditors, government entities and others. These records and reports must be maintained in accordance with applicable laws and regulations, Company policies and procedures, and must accurately and fairly reflect in reasonable detail Sutron's assets, liabilities, revenues and expenses. As a publicly traded company, at all times there must be full, fair, accurate, timely and understandable disclosure in reports and documents that Sutron files with or submits to the Securities and Exchange Commission and in all public communications made by the Company. It is each employee's responsibility to insure that material information within their control is timely reported to the appropriate person within Sutron so that it can be included in preparing disclosures and public communications.



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Government Procurements

As a contractor and a subcontractor to other contractors to the U.S. government, all Sutron employees and any consultants must comply with the laws and regulations governing federal government procurements. Sutron is also committed to compliance with foreign government procurement laws applicable to Sutron activities outside the United States.

Provision of Services

Sutron has a reputation for delivering services that meet or exceed professional standards. All work performed by our employees must continue to meet professional standards of performance, accountability, and dependability. Such services must be responsive to the needs of the client and must meet the terms of the contract between Sutron and its client. We must insist on similar standards of service from our suppliers and subcontractors, as they are part of our team.

Antitrust

Sutron will comply with the antitrust laws of every jurisdiction in which the Company does business. Sutron employees are to comply with antitrust laws, which prohibit activities designed to reach an understanding with competitors concerning selling prices of our services, terms of sale or division of sales, territories or clients, or designed to reach an understanding with clients regarding reciprocal buying and selling, and other prohibited activities, such as illegal price discrimination and trade secrets.

Export Control

Sutron will comply fully with export control laws of the United States and all other jurisdictions in which the Company operates.

Improper Payments

The Foreign Corrupt Practices Act and other U.S. laws prohibit bribery of foreign officials and provide criminal sanctions for those who fail to comply. This prohibition applies to both improper payments made directly by U.S. companies including branch offices and subsidiaries and their officers, and those made indirectly through persons who may act for the Company such as agents or suppliers. In addition, U.S. law prohibits the offering or acceptance of kickbacks.

Many government officials and employees are prohibited from soliciting or accepting any tangible item or intangible benefit, *regardless of value*. All employees, consultants and subcontractors must be familiar with the published policies of the specific government agencies they may interact with relating to restrictions on the acceptance by the agency's officials and employees of entertainment, gifts, meals, refreshments, favors, travel and lodging expenses. We must avoid even the appearance of impropriety when conducting business with governmental entities. Violation of this policy could result in fines, penalties and damage to the reputation of our Company. Employees must consult with the Company's Legal Counsel before offering even a seemingly nominal gift or entertainment to a government official or employee.



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COMPANY ASSETS AND INFORMATION USES

Use of Assets

Sutron's equipment, systems, facilities, supplies or other assets exist for the purpose of conducting Sutron business. It is each employee's personal responsibility to ensure that his or her use of Company assets is both authorized and proper.

Use of Internet Access

The Company makes available Internet access for legitimate work-related purposes. Internet access is a privilege provided to individuals and is intended as a tool for performing business functions. Employees using Company Internet access may not post or transmit unlawful, defamatory, obscene, pornographic, profane or otherwise objectionable information of any kind, including without limitation any transmission constituting or encouraging conduct that would constitute a criminal offense, give rise to civil liability or otherwise violate any local, state, national or international law, including without limitation the U.S. export controls and regulations. Activities that disrupt or interfere with the performance or functional behavior of networks or systems accessible via Sutron Internet access, or users of such systems, are likewise prohibited. Employees using Company Internet access expressly consent to monitoring of their Internet traffic. Each transaction may be logged by the Company for any purpose and may be subject to disclosure to law enforcement or government officials or to other third parties through subpoena or other process.

Sutron Confidential and Proprietary Information

Information about Sutron's strategies, services, products and technical capacities is critical to the Company's success. Once exposed or stolen, it cannot be recovered. All of us are given Company information in trust. Employees must protect this information and use it appropriately. Employees are prohibited from releasing or discussing any Sutron non-public confidential or proprietary business, marketing, financial, technical, or personnel information to or with outside parties. Only information that has been released to the public, or has received special clearance from management, may be released to the media, clients, colleagues, suppliers, subcontractors, or other outside parties.

Non-Sutron Proprietary Information

Sutron employees are prohibited from using or disclosing any information which is proprietary to a client, competitor, supplier, or subcontractor without the express written permission of that client, competitor, supplier, or subcontractor.

Teaming Arrangements

Sutron may be involved in a joint assignment or teaming arrangement with other companies. Employees must exercise care in divulging information to team members about Sutron's business, technical, financial, or personnel matters not directly related to the performance of the assignment.

Insider Trading

Sutron employees must at all times comply with rules and regulations regarding trading in public company securities. Sutron employees must not trade in the securities of Sutron or any other company



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on the basis of non-public information obtained through their employment at Sutron. It is also a violation of the securities laws for a Sutron employee to provide non-public information to a third party for purposes of that third party executing a trade in Sutron's or any other company's securities.

Copyrighted or Licensed Material

Sutron employees are to respect copyright laws and licensing agreements and are to refrain from making unauthorized copies of protected materials such as printed matter and computer software.

Political Activities

As a general matter, both current campaign finance and ethics laws and Company policy prohibit the use of Sutron funds, assets, services or facilities on behalf of a political party or candidate. Additionally, Sutron may not reimburse or otherwise compensate employees or individuals associated with Sutron for political contributions. This policy is not intended to discourage employees from voluntarily making personal political contributions, participating in the political process on their own time and at their own expense, expressing personal views on legislative or political matters or otherwise engaging in any other lawful political activities. If employees have occasion to speak publicly on issues, they should do so as an individual and, unless they have specific authorization from senior management, should not give the appearance of speaking or acting on the Company's behalf.

RELATIONS WITH OTHER ORGANIZATIONS

Sutron is committed to providing quality, cost-efficient services. We are also committed to competing in an open market. Employees will not attempt to improperly influence clients, professional contacts, or any payments to federal, state or local government employees to secure any business or favor or to influence any official act; or the establishment of reciprocal arrangements. Guidelines for business courtesies are as follows:

Extending Business Courtesies

Employees must avoid the excessive use of business courtesies as such behavior may give the appearance of wrongdoing. Sutron employees are expressly forbidden from either giving or accepting anything of value that may be offered or accepted for the purpose of obtaining favorable treatment in connection with any type of contract, and from giving or accepting anything of value that is prohibited by law or by any applicable business policy known to such employee

Accepting Business Courtesies

Sutron employees are prohibited from accepting gifts or gratuities of more than nominal value (\$200). Company policy prohibits employees from accepting any customer or vendor gifts worth more than \$200 (cumulatively for multiple gifts from the same source), except as may be expressly approved by the Company's President or any gifts whatsoever that are offered in order to influence their performance or job. Cash or cash equivalents (gift certificates, credit card use) are prohibited in any amount. Gifts from competitors are prohibited. Meals, drinks, or entertainment maybe accepted only if they are unsolicited, reasonable in amount and infrequent. Acceptance of free travel or lodgings is not allowed unless approved by the Company's President.



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Business Courtesies to U.S. Government Clients

The Federal Acquisition Regulations include restrictions and prohibitions applying to the use of business courtesies by government employees. Sutron employees will adhere to these requirements regarding gifts and gratuities when dealing with U.S. government clients. State, local and foreign governments may have similar or related restrictions regarding business courtesies. Employees working within jurisdictions in which these restrictions may apply are required to know and respect all such rules and regulations.

CONFLICT OF INTEREST

Sutron employees are not allowed to use Sutron resources or any confidential, proprietary or inside information with respect to Sutron for the personal or financial gain of the employee or any other person or entity other than Sutron. Sutron does not allow its employees to accept any employment, consulting, or other business relationship with any of Sutron's competitors, clients, suppliers, or subcontractors without the approval of the unit manager. Additionally, Sutron does not allow its employees to make any significant investment in any competing business organization, supplier or subcontractor to Sutron, or client of Sutron without the approval of the Company's President. Employees may not enter into business arrangements with Sutron or any affiliated entity without the approval of the Company's President.

EMPLOYMENT PRACTICES

We will respect each other's privacy and treat each other with dignity and respect. Sutron is committed to treating one another fairly and to maintaining employment practices based on equal opportunity for all employees. Equal employment opportunity must be afforded to qualified individuals regardless of race, color, religion, sex, national origin, age, physical or mental handicap. Employees are also entitled to a workplace free from sexual harassment or other behavior not conducive to a productive work climate.

EMPLOYEE SAFETY AND ENVIRONMENTAL PROTECTION

Sutron will conduct its operations with the highest regard for the quality of the environment and for safe and healthy working conditions for employees and the general public.

Drug and Alcohol Abuse

Sutron seeks to maintain a drug free workplace. Sutron will abide by all applicable laws and regulations relative to the possession or use of alcohol and drugs and any policies of our clients. Sutron policy prohibits the illegal use, sale, purchase, transfer or possession or presence in one's system of drugs, other than medically prescribed drugs, while on Company premises or on Company business.

Sutron's policy also prohibits the use, sale, purchase, transfer or possession of alcoholic beverages by employees while on Company premises unless approved by the Company's President.



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AWARENESS PROGRAM AND EMPLOYEE ACCOUNTABILITY

The Human Resources Manager will familiarize new employees with the Code of Conduct. Sutron's Human Resource Department will distribute the Code to employees annually and will obtain their acknowledgement of receipt and compliance with the Code. The Code of Conduct is an expression of fundamental values and represents a framework for decision-making. Each Sutron employee is personally responsible and accountable for compliance with the Code. Sutron employees are expected to adhere strictly to the Code of Conduct.

Any questions regarding the Code or the application of specific principles of the Code to individual situations should be referred to Sutron's Human Resource Department. Any violations of the Code of Conduct should be reported to the Human Resource Department or directly to the Company's President.

Any reporting concerns regarding improper payments, questionable accounting or auditing matters should be reported directly to the Audit Committee of the Sutron Board of Directors which consists of independent, non-management members of the Sutron Board, responsible for assisting the Board of Directors in fulfilling the Board's responsibilities to stockholders concerning Sutron's accounting and reporting practices. The Audit Committee can be contacted by phone at 202-373-6000, Attention Andrew Lipman or by email at Andrew.Lipman@bingham.com.

CERTIFICATION OF COMPLIANCE WITH SUTRON CORPORATION CODE OF CONDUCT

Annual Certification

Sign: _____

Date: _____

Name: _____

- I received a copy of, or have convenient access to, the Code of Conduct;
- I have read and I understand the Code of Conduct;
- I understand that the provisions contained in the Code of Conduct: (i) represent policies of Sutron Corporation and its subsidiaries and (ii) are applicable to all employees, officers and directors of Sutron Corporation and its subsidiaries;
- I am aware of my continuing obligation to bring to the attention of the appropriate personnel (as described in the Code of Conduct) any suspected violations of law or of the Code of Conduct; and
- I have at all times complied with, and will continue to comply with, the Code of Conduct.