

# SYNALLOY CORPORATION

## CODE OF CONDUCT

The Code of Conduct of Synalloy Corporation contains the specific Corporate Policies adopted by the Board of Directors that relate to the legal and ethical standards of conduct of employees and agents of the Company. The following Corporate Policies constitute the Code of Conduct and govern the conduct of business by the Company:

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**This policy is subject to amendment upon issuance of final SEC regulations.**

## **I. GENERAL POLICY REGARDING LAWS AND BUSINESS CONDUCT**

The purpose of this General Policy Regarding Laws and Business Conduct is to provide a general statement regarding the Company's expectations as to the legal and ethical nature of conduct of the Company's employees, directors, officers, financial officers, temporary employees, independent contractors, and agents (referred to hereafter as "Employee" or "Employees") while acting on the Company's behalf and to provide for the administration of the Company's Code of Conduct ("Code").

Moreover, this policy is intended to enhance the qualifications of the Code as a program that, under the United States Sentencing Guidelines, is reasonably designed, implemented and enforced so as to be generally effective in preventing and detecting criminal conduct.

The Audit Committee shall be responsible for the administration of the Code. The Audit Committee shall establish procedures and delegate authority to senior management, comprised of corporate officers and divisional presidents, in order to discharge this responsibility. The Audit Committee will oversee and review the Code periodically and make recommendations to the Board of Directors.

The Company has policies and procedures in place that address day-to-day business operations and conduct. **This Code is intended to supplement, not replace, The Synalloy Code of Business Conduct and Related Policies.**

### **Waivers of the Code of Conduct**

The Chief Executive Officer shall have the authority to grant waivers to agents and employees except senior officers and any such waivers shall be reported to the Audit Committee. The Board of Directors shall have the sole responsibility and authority to grant a waiver of any item of this Code to any senior officers and any such waiver shall be reported to the shareholders of the Company.

### **Introduction**

The Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees of the Company. Company employees must demonstrate honesty and sound ethical behavior in all business transactions and personal integrity in all dealings with others and seek to avoid even the appearance of improper behavior. The Code applies to Employees of the Company as defined in first paragraph of the General Policy Regarding Laws and Business Conduct.

Employees must operate within the bounds of all laws applicable to the Company's business. If a law conflicts with a policy in this Code, you must comply with the law. Further, if a local custom or policy conflicts with this Code, you must comply with the Code. Managers must ensure that employees who report to them read this Code and understand the importance of complying with it and with applicable laws. If employees have questions about these conflicts, they should ask their supervisor how to handle the situation.

It is the policy of the Company not to discriminate against employees, stockholders, directors, officers, customers or suppliers on account of race, color, age, sex, religion or national origin.

All persons shall be treated with dignity and respect and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities.

### **Contact Persons to Ask Questions or Report Violations**

Employees may report violations of this code and of applicable laws in confidence and without fear of retaliation. The Company does not permit retaliation of any kind against employees for good faith reports of such violations. (except that appropriate action may be taken against an Employee if such individual is one of the wrongdoers).

In the event of questions regarding compliance or to report a violation, Employees should follow the normal chain of command as outlined in the Complaint Procedure in the Employee Handbook. However, if the violation is of an alleged serious breach of business ethics involving bribery, fraud, antitrust, conflict of interest, accounting irregularities, improper use and disclosure of inside information, confidential or proprietary information, or other serious matter involving an Employee or a case where it may not be appropriate to discuss an issue with a supervisor, the Employee should contact the Corporate Secretary in Spartanburg at extension 536 or the Chairman of the Audit Committee at the Spartanburg office at extension 1532. This is a confidential voicemail accessible only by the Audit Committee members.

## **II. BUSINESS ETHICS**

### **A. Commercial Bribery**

The Company prohibits the payment or transfer of Company funds or assets to suppliers or customers in the form of bribes, kickbacks or other payoffs and prohibits Company employees and agents from participating in such schemes or from receiving such bribes, kickbacks or other payoffs. The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers.

Employees are prohibited from providing or receiving anything of value directly or indirectly for the purpose of obtaining or rewarding favorable treatment, including influencing a procurement action. Employees having influence on procurement decisions must be careful to avoid actual or potential conflicts of interest and may be required to certify from time-to-time that they have not violated and do not know of any other employee who has violated these prohibitions. Employees should discuss with divisional Presidents any gifts or proposed gifts to ascertain whether they are appropriate.

### **B. Fraud & Similar Irregularities**

Employees are prohibited from engaging in fraud which includes dishonest or fraudulent act, misrepresentation, defalcation, embezzlement, forgery, misappropriation of assets, falsification of Company records or financial statement for personal or other reasons Any Employee who becomes aware of a fraudulent activity should report it immediately following the procedures addressed above under the section entitled "Contact Persons to Ask Questions or Report Violations."

### **C. Antitrust**

The Company strictly forbids formal or informal agreements or understandings with competitors where the purpose is to influence prices, terms or conditions of sale, volumes of production, production restrictions, allocations to markets or limitations of quality.

Employees are strictly forbidden to exchange information with competitors and potential competitors regarding production scheduling, distribution and pricing, terms or conditions of sale, quality limitations, production volumes and/or restrictions, interaction with customers, market share or any other information in violation of antitrust laws.

### **D. Sensitive Transactions**

The U. S. Foreign Corrupt Practices Act prohibits giving anything of value, directly to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payment to government officials of any country.

In addition, the U. S. government has a number of laws and regulations regarding business gratuities, which may be accepted by U. S. government personnel. The promise, offer or delivery to an official or employee of the U. S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules.

### **E. Conflicts of Interest**

A "conflict of interest" exists when a person's private interest interferes or conflicts in any way with the interest of the Company. A conflict situation can arise when an Employee takes actions or has interest that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an Employee, or members of his or her family, receives improper personal benefits or profits in a significant personal transaction involving the Company as a result of his or her position in the Company. Loans to, or guarantees of obligations of, Employees and their family members may create conflicts of interest.

It is almost always a conflict of interest for a Company employee to work simultaneously for a competitor, customer or supplier. Employees are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on behalf of the Company.

If an Employee owns stock in a competitor and/or a supplier, it may or may not be a conflict of interest; however, Employee should report it to his supervisor.

Sometimes, a conflict of interest will develop accidentally or unexpectedly, and the appearance of a conflict of interest can also easily arise. If an Employee feels that he/she has a conflict, actual, potential or apparent, he/she should report all pertinent details in writing to his/her manager. The presence of a conflict does not necessarily mean that the proposed activity will be prohibited. An Employee's responsibility is to fully disclose all aspects of the conflict to the appropriate manager and remove himself/herself from the decision-making process.

### **III. ACCOUNTING CONTROLS, PROCEDURES & RECORDS**

Accurate and reliable financial and business records are of critical importance in meeting the Company's financial and business obligations. The Company has established guidelines and procedures related to keeping books and records that in reasonable detail accurately and fairly reflect the Company's transactions and dispositions of assets. The Company shall maintain a system of internal accounting controls to ensure reliability and adequacy of its books and records and proper recording of all transactions including dispositions of assets. No undisclosed or unrecorded fund or asset may be maintained or established for any purpose. The Company's financial records must be retained in accordance with its retention policies and all applicable laws and regulations.

As a public company, Synalloy is required to disclose through proper channels accurate and complete information regarding the Company and its results of operations on a timely basis. The Company will not tolerate "leaks" or unauthorized disclosures of corporate information to members of the press or financial community. The Chief Financial Officer must authorize all communications to the press or financial community.

### **IV. USE AND DISCLOSURE OF INSIDE INFORMATION**

Employees who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the Company, which includes information about other companies that is obtained during the course of employment, should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis on this information is not only unethical but also illegal. If you have any questions, please consult the Company's Business Policy or contact the Corporate Secretary.

### **V. CONFIDENTIAL OR PROPRIETARY INFORMATION**

Employees must maintain the confidentiality of confidential or proprietary information entrusted to them by the Company or its customers, suppliers, or joint venture partners except when the disclosure is authorized by the corporate management or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to the Company. The obligation to preserve confidential information continues even after employment ends. No confidential information obtained during an Employee's work at a former employer should be brought on Company premises or used in the Employee's work at the Company.

### **VI. ENVIRONMENTAL, HEALTH AND SAFETY**

The Company pledges to protect the environment and the health and safety of employees, the users of our products and the communities in which we operate.

The Company strives to provide each employee with a safe and healthful work environment. Each Employee has responsibility for maintaining a safe and healthy workplace for all Employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

## **VII. USE OF COMPANY RESOURCES**

Company property may not be sold, loaned, given away, or disposed of, without proper authorization. All Company assets must be used for proper purposes during employment with Synalloy. Improper use includes unauthorized personal use of the Company's assets, including computer equipment and software, data, vehicles, tools and equipment. Upon leaving employment with the Company, all Company property must be returned.

The Company provides information systems, including, among other things, telephone, voicemail, email, computers databases, internal networks, on-line services and Internet access, for employees' use at the Company. Synalloy reserves the right to monitor, search, access and review all information in its systems, including information that employees may consider personal. For additional information, refer to the Company's Electronic Information and Communication Systems Policy.

## **VIII. PATENTS AND TRADEMARKS**

Besides its people, the Company's most important assets are its trademarks and trade secrets. All employees must disclose to the Company in writing and in reasonable detail, any and all inventions, improvements, developments, technical information, skill and know-how, patentable and unpatentable, which are made, discovered or developed by an employee in the course of, or as a result of performance of work by the employee for the Company, or any customer of the Company, without any obligation on the part of the Company, or any customer of the Company, to make any payment therefore. The employee will, at the request of the Company and at the expense of the Company, but without other consideration, execute or cause to be executed all documents and do or cause to be done all acts which may be necessary or desirable to confirm in the Company all right, title and interest throughout the world in and to such developments, and to enable and assist the Company to procure, maintain, enforce and defend patents, petty patents, copyright, and other applicable statutory protection throughout the world on all developments which may be patentable or copyrightable.

## **IX. POLITICAL CONTRIBUTIONS AND ACTIVITIES**

The Company encourages participation of its employees in the political process. To protect itself from legal or appearance problems, the Company takes seriously its obligations under lobby laws, gift laws, and laws pertaining to political contributions. The Board of Directors must approve in advance any use of Company resources for political campaigns or fundraising.

## **X. FOLLOW THROUGH**

The Company's Code is intended to encompass all the Company's activities and emphasizes the importance of employees attaining the highest quality business conduct and solid business ethics.

Employees are required to report any conduct they believe in good faith to be an actual or apparent violation of the Code. The Company strongly encourages Employees to work with their managers in making such reports and, in addition, provides to employees the right to report such violations directly to the Corporate Secretary or the Chairman of the Audit Committee. Prompt reporting of violations is in the best interest of everyone. Reports by Employees will be handled as confidentially as possible. No employee will suffer retaliation by the Company because of a report made in good faith.

All managers are to maintain an "open door" policy with regard to Employee questions including those of business conduct and ethics. Employees are reminded to raise a question of moral standard or ethical behavior before it happens, rather than afterwards.

Reports of unethical or illegal activities will be investigated. A final determination will be reached, and appropriate corrective action taken whenever cases of possible misconduct are reported.

Every Employee's cooperation is required in assuring that violations of this Code are called to the attention of those who should be informed. It must be clearly understood that adherence to these policies carries the highest priority.

### **Compliance and Discipline**

Though the Company is confident that it can count on every Employee to do his or her part, the Company would be remiss if it did not state categorically that deviations from its business conduct standards will not be tolerated. Disciplinary action will be taken against any individual violating these standards. Specifically, disciplinary action will be taken against any Employee who is found to have authorized, condoned, participated in or concealed actions that are in violation of these standards; against any manager who disregards or approves a violation, or who, through lack of diligence in supervision, fails to prevent or report violations; and against managers who retaliate, directly or indirectly, or encourage others to retaliate, against an employee who reports a potential violation of these standards. Because these standards are very important to the Company's corporate values, any deviation from these values may result in termination of employment.