

Administrative Compliance Agreement

By and Between

The U.S. General Services Administration

And

Tremco Incorporated

Administrative Compliance Agreement

This Administrative Compliance Agreement (“Agreement”) is made by and between the United States General Services Administration (“GSA”) and Tremco Incorporated (“Tremco”) (collectively with GSA, the “Parties”).

I. Preamble

1. Tremco is an Ohio corporation that manufactures construction products and provides services for use on commercial construction, maintenance and restoration projects through several of its operating divisions, subsidiaries, and other related companies. Additionally, its products and services are used in roofing, sealant, glazing, waterproofing, deck coating, concrete, masonry, and construction applications. This Agreement involves matters related to Tremco’s previous General Services Administration Multiple Award Schedule Contracts (Nos. GS-07F-8798D and GS-06F-47R) that were administered through its Roofing and Building Maintenance Division (“Roofing Division”).

2. On July 15, 2010, Mr. Gregory Rudolph, Relator, filed a *qui tam* suit in the United States District Court for the District of Columbia against Tremco and RPM International Inc., Tremco’s ultimate parent company. Mr. Rudolph alleged that the Defendants violated the pricing requirements of Tremco’s GSA and other Government contracts, misrepresented the quality of goods in a manner that allowed Tremco to sell the same goods at higher prices than identical, lower-priced goods, and that the Defendants sold and installed allegedly defective roofing products on federal, state and local government buildings.

3. In March 2013, Tremco, through counsel, Ms. Marcia Madsen of the law firm Mayer Brown, informed the GSA Suspension and Debarment Official (SDO), Mr. Joseph Neurauter, that she represented Tremco and that the company was negotiating a Settlement Agreement with the United States of America, through the Department of Justice (“DOJ”), on behalf of GSA, to resolve issues raised by a Relator in a *qui tam* suit. Tremco wanted to meet with the appropriate SDO to voluntarily disclose matters identified in connection with its cooperation in the GSA Inspector General (IG) and the DOJ investigation.

4. On March 28, 2013, Mr. Shawn McGraw, Assistant General Counsel for Tremco, along with Tremco’s outside legal counsel, Ms. Marcia Madsen, met with the former GSA SDO to make the voluntary disclosure. The conversation focused on the structure of the company, the issues raised in the *qui tam* suit, the Government’s investigation into issues raised in the *qui tam* suit, the information and cooperation provided by Tremco to the IG, and the ongoing settlement negotiations to resolve these issues with the Government and the Relator.

5. On April 25, 2013, Mr. Randall Korach, then President of Tremco, Mr. Brian Stack, Director of Compliance, and Mr. Shawn McGraw, along with Ms. Madsen, met with the former GSA SDO to provide information about the company’s corporate culture, its ethics and compliance programs, and its current and future business plans. In advance of the meeting, Ms. Madsen provided GSA with a copy of the Tremco Government Contracts Code of Conduct, a copy of the Tremco US Employee Handbook, as well as copies of ethics and training presentations that were given to Tremco employees.

6. On August 12, 2013, Tremco entered into a Settlement Agreement with the United States of America regarding the *qui tam* suit. On August 13, 2013, Tremco entered into a Settlement Agreement with the Relator. On August 14, 2013, Tremco, via its legal counsel, informed GSA of the settlement.

7. On October 28, 2013, Mr. Paul Hoogenboom, the new President of Tremco and interim President of the Roofing Division, Mr. Shawn McGraw, and Mr. Brian Stack, along with outside legal counsel, met with the new GSA SDO, Ms. Maria Swaby, to provide her with further information about the Settlement Agreement, as well as the changes in the company, since the April 2013 GSA/Tremco meeting. Subsequent to the meeting, Tremco provided GSA with information about the company's current Federal Government contracts, organizational charts, a list of enhancements to the company's contract approval process, and information about the public business for the company's Roofing Division.

In addition to documents and information submitted by Tremco, GSA has also considered and reviewed materials and information from the investigation undertaken by the GSA Office of Inspector General (OIG) and DOJ in evaluating Tremco's future participation in federal Government contracts.

8. Tremco has undertaken to demonstrate that it is presently responsible and that its exclusion from future Government contracting for the Government's protection is not necessary at this time. To that end, Tremco has: (1) voluntarily disclosed the matter to the GSA SDO and met three times with the SDO to discuss the underlying IG and DOJ investigation, as well as Tremco's

remedial measures, (2) changed its corporate structure to provide better oversight and compliance, (3) has committed itself to fostering a culture of ethics and compliance, and (4) has established and is continuing to establish new internal control procedures and training programs.

9. In order to assure GSA of Tremco's continued responsibility, the company agrees to take and abide by the specific actions outlined in this Agreement.

10. GSA has determined that the terms and conditions of this Agreement provide adequate assurance that the interests of the Government will be sufficiently protected to preclude the necessity of excluding Tremco from Federal procurement or nonprocurement transactions at this time.

NOW THEREFORE, in consideration of the promises set forth herein and for good and valuable consideration, the Parties mutually agree as follows.

II. TREMCO'S RESPONSIBILITIES

1. Tremco recognizes its corporate responsibility to ensure that it fully complies with all Federal procurement laws and regulations when contracting, directly or indirectly, with the United States Government, and Tremco has begun to implement a robust ethics and compliance program to significantly mitigate against the occurrence of non-compliance events and to further ensure that in the event thereof, such events are promptly identified, reported, and remediated. Tremco also agrees that all aspects of Tremco's operations shall be conducted

ethically and honestly, and in a manner consistent with the RPM Core Policies (which are applicable to Tremco) and the guidelines set by the letter and the spirit of this Agreement.

2. **Core Policies:** Tremco shall provide GSA a copy of any revisions to the Core Policies within ten (10) calendar days of finalization of the Policies.

3. **Training:** Tremco shall continue to provide employees with ethics and compliance training. Employees that handle business matters relating to the expenditure of public funds shall be provided specific training to doing business with government entities.

4. **New Contract Review and Approval Process:** Tremco shall provide GSA with a copy of the new contract review and approval process that is being developed in the Roofing Division consistent with its new software platform selection and implementation within ten (10) days of its finalization.

5. **Audit of Compliance:** Tremco shall provide GSA with a copy of the findings of the planned audit of compliance with key terms and conditions of group purchasing contracts involving state and local government entities, as well as management's response to this audit, including a plan to remediate any identified weaknesses within thirty (30) days of the completion of the audit.

6. **Director of Compliance:** Tremco shall continue to maintain and fill the position of Director of Compliance during the pendency of this Agreement. Tremco shall notify GSA within thirty (30) calendar days if the individual holding this position changes. Tremco shall notify GSA of the name of any new individual holding the position in writing along with the individual's resume.

7. **Tremco's President:** Tremco shall notify GSA within thirty (30) calendar days in the event of the departure of the current President and the appointment or hire of a new President of Tremco or its Roofing Division. In such event, Tremco shall provide GSA with the reason(s) for the departure of the immediate past President as well as the name and a copy of the resume of the new President of Tremco.

8. **GSA Schedules:** Tremco shall notify the GSA SDO within thirty (30) calendar days of Tremco being awarded a GSA Multiple Award Schedule contract.

9. **Semi-Annual Reports to GSA:** Semi-annually, Tremco shall submit a report to the SDO addressing the reportable events identified below in 9(a) through (e). The reports shall be submitted on June 30 and December 31 of each year for the duration of the Agreement. The report shall include the following:

9(a). Information on any material revisions to Tremco's new contract review and approval process, as well as any material updates on its electronic contract management process.

9(b). Information on ethics and compliance trainings provided to Roofing Division employees since the close of the last reporting period. The information provided shall include who was trained, the date of training, and the topic(s) trained on at the training.

9(c). Information detailing any material changes to the Core Policies.

9(d). Information detailing any material changes to Tremco's Roofing Division organizational structure.

9(e). Information detailing any material changes to Tremco's Roofing Division ethics and compliance programs.

10. **Reporting on Internal Incidents:** In its semi-annual report for the reporting period, Tremco shall report to the SDO whenever, in connection with the award, performance, or closeout of any Government contract using federal funds performed by Tremco or a subcontract thereunder, Tremco or a Tremco principal has credible evidence of: a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 U.S.C.; a violation of the federal civil False Claims Act (31 U.S.C. §§ 3729-3733); or a violation of Tremco's Core Policies.

11. **Reporting on Hotline Activity:** Tremco shall continue to maintain the Core Policies and reporting Hotline and shall provide in its semi-annual report to the SDO a summary of all Hotline activity received during the reporting period pertaining directly to the award, performance, or closeout of any Government contract using federal funds performed by Tremco or a subcontract thereunder.

12. **Reporting on Government Investigations:** Tremco shall report to the SDO on the initiation of and status of any governmental criminal investigations or federal civil False Claims Act investigations in connection with the award, performance, or closeout of any Government contract using federal funds performed by Tremco or a subcontract thereunder, whenever Tremco has been informed that it or any Tremco principal is a target or subject of such

investigations. Tremco shall report on the initiation of such investigations within thirty (30) calendar days of learning that it or any Tremco principal is a target or subject and, thereafter, provide status reports in its semi-annual reports.

III. GENERAL CONDITIONS

1. **Modifications of this Agreement.** Any requirements imposed on Tremco by this Agreement may be discontinued by GSA at its sole discretion upon notification in writing to Tremco. Any other modifications may be made only in writing and upon mutual consent of the Parties to this Agreement.

2. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements and understandings, whether oral or written, relating to the subject matter hereof. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties hereto and their respective successors and assigns.

3. **Business Relationships with Suspended or Debarred Entities.** Tremco shall not knowingly subcontract or enter into any business relationship in support of a U.S. Government prime contract with any individual or entity that is listed as suspended, proposed for debarment, or debarred on the System for Award Management (www.sam.gov), and Tremco understands that this may become grounds for Tremco's suspension or debarment. In order to implement this provision, Tremco will make a reasonable inquiry into the status of any such potential business partner, to include, at a minimum, review of the System for Award Management database and will inform GSA within thirty (30) calendar

days of learning that any contract or business relationship has been formed with a listed Entity.

4. **Public Document.** This Agreement is a public document. As required by 41 U.S.C. § 2313(c)(4), it will be posted in the Federal Awardee Performance Integrity and Information System. To the extent a request is received for information Tremco has provided to GSA during the course of these proceedings with the SDO or under the terms of this Agreement, except for requests for information from Federal Government entities deemed appropriate by the SDO, GSA shall notify Tremco and afford it the opportunity to object to the release of all or part of such information on the grounds that such information is Confidential Business Information and restricted/exempt from disclosure under the Privacy Act and/or one or more of the exemptions to the Freedom of Information Act.

5. **Releases.** Tremco releases the United States, its instrumentalities, agents, and employees in their official and personal capacities, of any and all liability or claims, monetary or equitable, arising out of or related to the investigation and negotiation of this Agreement.

6. **Scope of this Agreement – Suspension and Debarment for Independent Cause.** This Agreement in no way restricts the authority, responsibility, or legal duty of GSA, or any other Federal agency, to consider and institute suspension or debarment proceedings against Tremco based upon information constituting independent cause for suspension or debarment concerning events unrelated to the facts and circumstances referred to in this

Agreement, including, but not restricted to, any substantive allegations of wrongdoing under any past, present, or future hotline complaint, investigations, or findings from retained third-party monitors. GSA, or any other Federal agency, may, in its sole discretion, initiate such proceedings in accordance with FAR Subpart 9.4.

7. **Truth and Accuracy of Submissions.** Tremco represents that all materials and other information supplied, oral or written, to GSA by its authorized representatives during the course of discussions with GSA, preceding this Agreement are, to the best of its recollection, information and belief, true and accurate in all material respects. Tremco understands that this Agreement is executed on behalf of GSA in reliance upon the truth and accuracy of all such representations.

8. **Violations of this Agreement.** Tremco agrees to report to the SDO within fourteen (14) calendar days of learning of any violations of this Agreement. Any violation of this Agreement that is not corrected within thirty (30) calendar days of notifying the SDO may constitute an independent cause for debarment. If correction is not possible within thirty (30) calendar days, Tremco shall present an acceptable plan for correction within that thirty (30) calendar-day period. GSA may, at its sole discretion, initiate suspension or debarment proceedings in accordance with FAR Subpart 9.4. Alternatively, GSA may, in its sole discretion, extend this Agreement for a period equal to the period of noncompliance. Tremco does not, by this Agreement or otherwise, waive its right to oppose such action under FAR Subpart 9.4 or any other substantive,

procedural, or due process rights it may have under the Constitution or other applicable laws or regulations of the United States.

9. **Severability.** In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions of this Agreement.

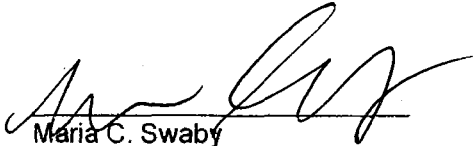
10. **Counterparts.** This Agreement may be signed in counterparts, and when a copy is signed by an authorized representative of each Party, the Agreement shall be effective as if a single document were signed by all Parties. Facsimile or photocopied signatures shall be considered as valid signatures as of the date affixed, although the original signatures shall thereafter be appended.

11. **Effective Date.** This Agreement shall be effective on the date GSA executes it.

12. **Expiration.** This Agreement shall expire at midnight three years from the date of execution of the Agreement, unless extended by GSA in accordance with the provisions of section III, paragraph 8, above.

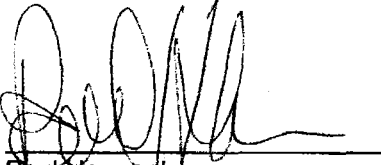
AGREED AND EXECUTED by the Parties hereto:

United States General Services Administration



Maria C. Swaby
GSA Suspension & Debarment Official

Dated: 2/4/14



Paul Hoogenboom
President, Tremco Incorporated

Dated: 1-17-14