

# TEMPUS APPLIED SOLUTIONS HOLDINGS, INC.

## CODE OF ETHICS AND BUSINESS CONDUCT

### 1. Introduction

The Board of Directors (the “**Board**”) of Tempus Applied Solutions Holdings, Inc. (including itself and, where appropriate to the context, its subsidiaries, the “**Company**”) has adopted this code of ethics (as amended from time-to-time by the Board, the “**Code**”), which is applicable to all directors, officers and employees of the Company, to:

- promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- promote the timely, accurate, complete and understandable disclosure of material facts in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the “**SEC**”), as well as in other public communications made by or on behalf of the Company;
- promote compliance with applicable governmental laws, rules and regulations;
- deter wrongdoing; and
- require prompt internal reporting of breaches of, and accountability for adherence to, this Code.

This Code may be amended from time-to-time by the Board.

### 2. Honest, Ethical and Fair Conduct

Each person owes a duty to the Company to act with integrity. Integrity requires, among other things, being honest, fair and candid. Deceit, dishonesty and subordination of principle are inconsistent with integrity. Service to the Company should never be subordinated to personal gain or advantage.

Each person must:

- Act with integrity, including being honest and candid while still maintaining the confidentiality of the Company’s information where required or when in the Company’s interests;
- Observe all applicable governmental laws, rules and regulations;
- Comply with the requirements of applicable accounting and auditing standards, as well as Company policies, in order to maintain a high standard of accuracy and completeness in the Company’s financial records and other business-related information and data;

- Adhere to a high standard of business ethics and not seek competitive advantage through unlawful or unethical business practices;
- Deal fairly with the Company's customers, suppliers, competitors and employees;
- Refrain from taking advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice;
- Protect the assets of the Company and ensure their proper use;
- Until the earlier of (i) liquidation, or (ii) such time as such person ceases to be an officer or director of the Company, to first present to the Company for its consideration, prior to presentation to any other entity, any business opportunity suitable for the Company, subject to any pre-existing fiduciary or contractual obligations such person may have; and
- Avoid conflicts of interest, wherever possible, except as may be allowed under guidelines or resolutions approved by the Board (or the appropriate committee of the Board) or as disclosed in the Company's public filings with the SEC. Anything that would be a conflict for a person subject to this Code will also be a conflict for a member of his or her immediate family or any other close relative. Examples of conflict of interest situations include, but are not limited to, the following:
  - any significant ownership interest in any supplier or customer;
  - any consulting or employment relationship with any supplier or customer;
  - the receipt of any money, non-nominal gifts or excessive entertainment from any entity with which the Company has current or prospective business dealings;
  - selling anything to the Company or buying anything from the Company, except on the same terms and conditions as comparable employees, officers or directors are permitted to so purchase or sell;
  - any other financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) involving the Company; and
  - any other circumstance, event, relationship or situation in which the personal interest of a person subject to this Code interferes — or appears to interfere — with the interests of the Company.

### **3. Disclosure**

The Company strives to ensure that the disclosures made in reports and documents that the Company files with, or submits to, the SEC, as well as in other public communications made by or on behalf of the Company, are timely, accurate, complete and understandable, and in accordance with applicable disclosure standards, including standards of materiality, where appropriate. Each person must:

- not knowingly misrepresent, or cause others to misrepresent, facts about the Company to others, whether within or outside the Company, including to the Company's independent registered public accounting firm, governmental regulators, self-regulatory organizations and other officials, as appropriate; and
- in relation to his or her area of responsibility, properly review and critically analyze proposed disclosure for accuracy and completeness.

In addition to the foregoing, the Chief Executive Officer and Chief Financial Officer of the Company and each subsidiary of the Company (or persons performing similar functions), and each other person that is materially involved in the financial reporting of the Company, must familiarize himself or herself with the disclosure requirements applicable to the Company as well as the business and financial operations of the Company.

Each person must promptly bring to the attention of the Chairman of the Board any information he or she may have concerning (a) significant deficiencies in the design or operation of internal or disclosure controls that could adversely affect the Company's ability to record, process, summarize and report financial data, or (b) any fraud that involves a director, officer or any other person who has a material role in the Company's financial reporting, disclosures or internal controls.

### **4. Compliance**

It is the Company's obligation and policy to comply with all applicable governmental laws, rules and regulations. All directors, officers and employees of the Company are expected to understand, respect and comply with all of the laws, regulations, policies and procedures that apply to them in their positions with the Company. Employees are responsible for talking to their supervisors to determine which laws, regulations and Company policies apply to their position and what training is necessary to understand and comply with them.

### **5. Reporting and Accountability**

The Board is responsible for applying this Code to specific situations in which questions are presented to it, and it has the authority to interpret this Code in any particular situation. Any person who becomes aware of any existing or potential violation of this Code is required to notify the Chairman of the Board promptly. Failure to do so is – in and of itself – a breach of this Code.

Specifically, each person must:

- Notify the Chairman of the Board promptly of any existing or potential violation of this Code; and

- Not retaliate against any person for reports of potential violations that are made in good faith.

The Company will use the following procedures in investigating and enforcing this Code and in reporting on the Code:

- The Board will take all appropriate action to investigate any existing or potential violations reported to it.
- Upon determination by the Board that a violation has occurred, the Board (by majority decision of the disinterested directors) will take or authorize such disciplinary or preventive action as it deems appropriate, after consultation with the Company's counsel, up to and including dismissal or, in the event of criminal or other serious violations of law, notification of the SEC or other appropriate law enforcement authorities.

No person following the above procedure shall, as a result of following such procedure, be subject by the Company or any director, officer or employee of the Company to discharge, demotion, suspension, threat, harassment or discrimination.

## **6. Waivers and Amendments**

Any waiver (defined below) or any implicit waiver (defined below) of a provision of this Code for the principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions, or any amendment (as defined below) to this Code, is required to be disclosed in a current report on Form 8-K filed with the SEC. In lieu of filing a current report on Form 8-K to report any such waivers or amendments, the Company may provide such information on its website, if it keeps such information on the website for at least 12 months and discloses the website address as well as any intention to provide such disclosures in this manner in its most recently filed annual report on Form 10-K.

Any request for a waiver of any provision of this Code must be in writing and addressed to the Chairman of the Board of Directors of the Company.

A "waiver" means the approval by the Company's Board of a material departure from a provision of the Code. An "implicit waiver" means the Company's failure to take action within a reasonable period of time regarding a material departure from a provision of the Code that has been made known to a director or executive officer of the Company. An "amendment" means any amendment to this Code other than minor technical, administrative or other non-substantive amendments hereto.

All persons should note that it is not the Company's intention to grant or permit waivers of the requirements of this Code. The Company expects full compliance with this Code.

## **7. Insider Information and Securities Trading**

None of the Company's directors, officers or employees who have access to material, non-public information are permitted to use that information for share trading purposes or for any purpose unrelated to the Company's business. In addition to the foregoing, it is against the law to trade or to "tip" others who might make an investment decision based on inside company information. For example, using non-public information to buy or sell Company shares, warrants or options or the shares of any Company supplier, customer or competitor, is prohibited. The consequences of insider trading violations can be severe. These rules also apply to the use of material, nonpublic information about other companies (including, for example, our customers, competitors and potential business partners). In addition to the Company's directors, officers or employees, these rules apply to each such person's spouse, children, parents and

siblings, as well as any other family members living in each such person's home. You are directed to review the Company's written Insider Trading Policy for further instructions and requirements.

## **8. Financial Statements and Other Records**

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must both conform to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets shall not be maintained unless permitted by applicable law or regulation.

Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please consult the Board of Directors or the Company's counsel.

## **9. Improper Influence on Conduct of Audits**

No director, officer or employee shall directly or indirectly take any action to coerce, manipulate, mislead or fraudulently influence any public or certified public accountant engaged in the performance of an audit or review of the financial statements of the Company or take any action that such person knows or should know that, if successful, could result in rendering the Company's financial statements materially misleading. Any person who believes such improper influence is being exerted should report such action to such person's supervisor or, if that is impractical under the circumstances, to any of our directors.

Types of conduct that could constitute improper influence include, but are not limited to, directly or indirectly:

- Offering or paying bribes or other financial incentives, including promises of future employment or contracts for non-audit services;
- Providing an auditor with an inaccurate or misleading legal analysis;
- Threatening to cancel or canceling existing non-audit or audit engagements if the auditor objects to the Company's accounting;
- Seeking to have a partner removed from the audit engagement because the partner objects to the Company's accounting;
- Blackmail; and
- Making physical threats.

## **10. Anti-Corruption Laws**

The Company complies with the anti-corruption laws of the countries in which it does business. These laws include the U.S. Foreign Corrupt Practices Act (FCPA). No director, officer or employee shall directly or indirectly give anything of value to government officials, including employees of state-owned enterprises or foreign political candidates. These requirements also apply to Company agents, such as third party sales representatives, no matter where they are doing business. If you are authorized to engage agents, you are responsible for ensuring that they are reputable and for obtaining their written agreement to uphold the Company's anti-corruption standards.

## **11. Violations**

A violation of this Code is a sufficient basis for disciplinary action up to and including termination of employment. Such action may be in addition to any civil or criminal liability which might be imposed by any court, regulatory agency or other authority.

**12. Other Policies and Procedures**

Any other policy or procedure set out by the Company in writing or made generally known to employees, officers and directors of the Company to whom it applies prior to the date hereof or hereafter are separate requirements and remain in full force and effect.

**13. Inquiries**

All inquiries in relation to and questions about this Code or its applicability to particular people or situations should be addressed to the Company Secretary, or such other compliance officer as shall be designated from time to time by the Company.

## **ADDITIONAL PROVISIONS APPLICABLE TO PRINCIPAL EXECUTIVE, FINANCIAL AND ACCOUNTING OFFICERS**

The CEO and all senior financial officers, including the CFO and the principal accounting officer, are bound by the provisions set forth in this Code relating to ethical conduct, conflicts of interest and compliance with law. In addition, the CEO and senior financial officers are subject to the following further specific requirements:

1. Act with honesty and integrity, avoiding actual and apparent conflicts between personal, private interests and the interests of the Company, including any receipt of any improper personal benefits as a result of his or her position.
2. Disclose to the CEO and the Board of Directors of the Company any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest.
3. Perform responsibilities with a view to causing the disclosures made in reports and documents that the Company files with, or submits to, the SEC, as well as in other public communications made by or on behalf of the Company, to be timely, accurate, complete and understandable, and in accordance with applicable disclosure standards, including standards of materiality, where appropriate, including making full reviews of all annual and quarterly reports.
4. Comply with the laws, rules and regulations of federal, state and local governments applicable to the Company and with the rules and regulations of private and public regulatory agencies having jurisdiction over the Company.
5. Act in good faith, responsibly and with due care, competence and diligence, without misrepresenting or omitting material facts or allowing independent judgment to be compromised or subordinated.
6. Respect the confidentiality of information acquired in the course of performing responsibilities, except when authorized or otherwise legally obligated to disclose such information, and do not use confidential information acquired in the course of performing responsibilities for personal advantage.
7. Share knowledge and maintain skills important and relevant to the needs of the Company, its stockholders and its other constituencies and the general public.
8. Proactively promote ethical behavior among subordinates and peers in the work environment and community.
9. Use and control all corporate assets and resources employed or entrusted in a responsible manner.
10. Do not use corporate information, corporate assets, corporate opportunities or any position with the Company for personal gain, and do not directly or indirectly compete with the Company.
11. Comply in all respects with the Code.
12. Advance the Company's legitimate interests whenever the opportunity arises.

The Board of Directors will investigate any reported violations of the above provisions and will oversee appropriate responses, including corrective action and preventative measures. Any officer who violates any of the above provisions will face appropriate, case-specific disciplinary action, which may include demotion or discharge.

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