



Code of Conduct

The Company's Code of Conduct reflects RCM's policies concerning basic standards of business conduct and should act as a working guide for all RCM employees. Improper behavior will result in disciplinary action up to and including immediate discharge.

Confidentiality

The security of RCM's products, programs, plans, vendor contracts and other confidential information is critical to our business relationships. Some employees will be required to read and sign the "RCM Non-Compete Agreement" as a condition of employment.

As part of your job, you may be entrusted with or come across confidential information. If you do, it should be used only to perform your job with RCM. Confidential information must be safeguarded at all times and should not be discussed with anyone outside the Company. You have an obligation to ensure that all confidential information remains the property and private information of RCM. Employees who disclose confidential information will be subject to disciplinary action up to and including immediate discharge.

Fraternization at Work

RCM strongly believes that an environment where employees maintain clear boundaries between employee personal and business interactions is most effective for conducting business. Although this policy is not intended to prevent the development of friendships between coworkers, it does establish limitations as to how relationships will affect the working environment.

In order to protect our employees and the Company from unlawful sexual harassment, and in order to avoid conflicts of interest, misunderstandings or the appearance of favoritism, all RCM personnel are prohibited from engaging in personal relationships (including, but not limited to being related by blood or marriage or having a romantic/sexual relationship of any kind), whether or not on Company time or premises, in the following circumstances:

- If one individual directly supervises the other individual.
- If there is an indirect supervisory relationship between the two individuals (i.e. one individual has influence over the other individual's terms and conditions of employment).
- If one individual is not employed by RCM but is either involved with an RCM project or is employed by a client.
- If, in RCM's judgment, the relationship between two individuals would tend to create, or has the appearance of, a conflict of interest, or would otherwise potentially inhibit the ability of any individual to perform his/her duties in an effective or efficient manner.

Personal relationships between two non-supervisory employees are not prohibited; however, such employees are expected to conduct themselves in a professional manner at all times. Accordingly, such employees are strictly prohibited from engaging in physical contact while on Company premises, and should limit personal exchanges during working time and in working areas so that others are not distracted and productivity is maintained.

Employees must immediately notify Human Resources of any circumstances in which they or others may be in violation of this policy. Failure to do so may result in disciplinary action, up to and including termination of employment.

So that individuals may feel free to come forward, anyone found to have retaliated against an individual for notifying Human Resources about a violation of this policy will be subject to disciplinary action, up to and including termination of employment.

If the Company, in its sole discretion, believes that personal relationships between employees directly or indirectly affects its business, the Company will resolve the situation as it deems necessary, including by terminating the employment of one or both individuals.

Electronic Communication

RCM's electronic communication tools are considered company assets and are provided for business purposes only. Communications sent with these tools may be accessed for legitimate business reasons by authorized company personnel. RCM reserves and will exercise the right to review, audit, intercept, access and disclose all matters on the Company's electronic systems at any time, with or without employee notice, and such access may occur during and after working hours.

Employees are responsible for maintaining the security of their individual workstations and electronic accounts through the use of passwords and a password protected screensaver. Employees do not have a personal privacy right to use, transmit, receive or store information in RCM's computer system.

Electronic communication tools owned or provided by the Company include, but are not limited to:

- E-Mail
- voice mail
- telephone
- fax machines
- pagers
- modems
- personal computers (PCs)
- RCM's Local Area Network and Wide Area Network
- electronic bulletin board providers or their commercial service providers (e.g. Netscape) and contact databases

and

- Intranet/Internet access.

Use of Information and Communication Systems

RCM reserves the right to monitor all matters on the Company's computer systems, including E-Mail and Intra/Internet applications, to ensure their appropriate use for business purposes. Use of information or systems by the employee for the benefit of another outside party or business is expressly prohibited.

All employees who use information and communications systems at RCM are responsible for using these resources in a professional and legal manner. The systems are not to be used to create offensive or disruptive messages. Among those which are considered offensive are any messages which contain sexual implications, racial slurs, gender-specific comments or any other comment that offensively addresses someone's age, sexual orientation, religious or political beliefs, national origin or disability. Furthermore, employees are not to use these systems for revealing proprietary or confidential, official Company, employee or copyrighted information.

In using the systems, employees must use integrity and professionalism in all communications and comply with all federal, state, and local laws and corporate policies.

You are responsible for maintaining the security of your workstation and individual electronic communication accounts through the use of passwords and a password protected screensaver.

Use of Information and Communication Systems at a Client

All employees working at a client location must be aware of and follow the Electronic Communication Policy established by the client as well as the RCM Policy.

Inappropriate Use of Electronic Communication

Inappropriate use includes, but is not limited to, the following:

- misrepresenting yourself as another individual or company
- revealing proprietary or confidential information, official Company information, employee information, or copyrighted materials
- accessing, distributing, or storing materials which could be considered unethical, inappropriate, offensive, disrespectful or abusive to others, including but not limited to, pornographic or obscene materials, hate mail, discriminatory remarks, abusive, indecent, or objectionable language, or other antisocial behaviors
- conducting illegal activities
- representing your personal opinion as that of the Company
- using electronic communication for personal use
- interfering with the performance of your job or the jobs of other employee
- sending (uploading) or receiving (downloading) information in violation of its copyright.

Failure to follow this policy can lead to disciplinary action up to and including immediate discharge.

The theft/damage/malfunction of any electronic communication tool owned or provided by RCM must be reported to your manager within 24 hours or the employee will be held responsible for the monetary value of the item. If the loss/damage/malfunction was due to the employee's negligence, the employee is responsible for the damage.

Conflicts of Interest

Conflicts of interest include any undisclosed or unapproved activity or interest in which an employee participates which is not in the best interests of the Company. You must make every effort to avoid situations where your loyalty and allegiance might be divided between RCM and any of its customers, vendors or competitors. The Company expects all employees to avoid even the appearance of an improper personal advantage.

Gifts and entertainment

Receiving or giving gifts, meals, or entertainment must be consistent with ethical business practices and must not create an obligation or the appearance of impropriety. The core principles are to promote goodwill and transparency while avoiding conflicts of interest.

- **Purpose:** The exchange of any gift or entertainment must serve a legitimate business purpose and must never influence, or appear to influence, business decisions or provide an unfair advantage.
- **Moderation:** All gifts and entertainment must be reasonable, appropriate, and infrequent. As a general guideline, nominal items (e.g., promotional items under \$50) and modest business meals are acceptable. They should not place the company or any employee in an uncomfortable or compromising position.
- **Appearance of Impropriety:** Employees must always act to avoid even the appearance of impropriety. If a gift or entertainment would cause a reasonable person to question your integrity, you should decline it.
- **Recipient Policies:** When offering a gift or entertainment to a third party, ensure your offer complies with the recipient organization's policies.
- **Prohibited Circumstances:** Do not offer or accept gifts or entertainment involving government officials, regulators, or auditors without prior written approval.
- **Disclosure:** Employees must report or seek guidance for any gift or entertainment that may raise concern.
- **When in Doubt:** Consult your manager or the Compliance Department before acting.

Outside Employment

As an RCM employee, you are expected to refrain from engaging in any outside activity that could present a conflict of interest with RCM.

If you believe you are about to, or already have, entered into a business relationship that could present a conflict of interest, you should contact your Manager or your Human Resources Representative.

Compliance Policy

RCM takes allegations of improprieties very seriously. Any employee who believes that he or she has knowledge of or is concerned about the Company's accounting practices, its adherence to financial policies and procedures, or its compliance with the Sarbanes-Oxley Act of 2002, should immediately bring the matter to the attention of the RCM Technologies Audit Committee.

Further, any member of Management who receives such a complaint or who has reason to believe that improprieties might be occurring must immediately report it directly to the RCM Technologies Audit Committee. All such matters will be treated confidentially and with the utmost discretion.

RCM's compliance contact, the Chairman of the RCM Technologies Audit Committee, in conjunction with Human Resources, will receive and respond to all complaints about RCM's accounting policies, its adherence to those policies or its compliance with the Sarbanes-Oxley Act of 2002.

The contact information for complaints is as follows:

- Contact: Ms. Karen McCasey, Director of Human Resources, RCM Technologies, Inc.
- Telephone: (973) 658-3332
- Email: karen.mccasey@rcmt.com
- Mailing Address: 20 Waterview Blvd., 4th Floor, Parsippany, NJ 07054

or

- Contact Name: Chair of Audit Committee of Board of Directors, RCM Technologies, Inc. Audit Committee
- E-mail: directors@rcmt.com
- Mailing Address – 2500 McClellan Ave. Suite 350
Pennsauken, NJ 08109

Investigation

The Company will actively investigate all complaints of impropriety. Employee complaints will be treated confidentially to the maximum extent possible. However, the investigation of such complaints may require disclosure to the accused individual and to other witnesses in order to gather the pertinent facts.

If the investigation reveals that, in the opinion of the Company, a violation has occurred, immediate action will be taken. This action may include disciplinary action for the individual(s) involved, up to and including termination, amending current policies and procedures and retraining employees.

If, after an investigation it is determined that an employee filed a false allegation, he or she will be subject to disciplinary action, up to and including termination.

Any Supervisor, Manager, agent or other employee who is found to have engaged in harassment or retaliation against an employee for filing a complaint will be subject to the appropriate discipline, up to and including termination.

Management Responsibility

Each member of Management is responsible for adhering to established Company policies and procedures.

The Company holds Supervisors and Managers responsible for taking action when they discover improprieties. When a Supervisor or Manager becomes aware of a situation in which an employee is not adhering to Company policies, he or she must discuss the situation immediately with the RCM Technologies Audit Committee and Human Resources.

Charter of the Audit Committee of the Board of Directors

Audit Committee Purpose

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- Review financial information to be provided to stockholders and others.
- Monitor the integrity of the Company's financial reporting processing and systems of internal controls.
- Monitor the independence and performance of the Company's independent auditors.
- Provide an avenue of communication among the independent auditors, management, and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the Company.

The Audit Committee may retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

Audit Committee Composition and Meetings

The Audit Committee shall be comprised of at least three directors, each of whom shall be independent, as determined by the Board of Directors and in accordance with the applicable provisions of the Marketplace Rules of the National Association of Securities Dealers, Inc. applicable to the Nasdaq Stock Market. Audit Committee members also shall satisfy the qualification requirements of the Nasdaq Stock Market for audit committee membership.

The Board of Directors shall appoint the members of the Audit Committee. If the Chairman of the Audit Committee is not designated or present, the members of the Committee may designate a Chairman by majority vote of the Committee membership.

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Chairman of the Audit Committee shall prepare and/or approve an agenda in advance of each meeting. The Audit Committee should meet privately in executive session at least annually with management, the independent auditors and as a committee to discuss any matters that the Audit Committee or each of these groups believe should be discussed. In addition, the Audit Committee should communicate with management and the independent auditors quarterly to review the Company's interim financial statements and any significant findings based upon the auditors' review procedures before the Company's Quarterly Report on Form 10-Q is filed with the Securities and Exchange Commission.

Audit Committee Responsibilities and Duties

In fulfilling its responsibilities, the Audit Committee is expected to perform the following procedures:

1. Review and reassess the Charter of the Audit Committee at least annually and recommend to the Board of Directors, as appropriate, amendments to the Charter.
2. Review the Company's annual audited financial statements prior to filing or distribution. In conducting its review, the Audit Committee should discuss the following matters with management and the independent auditors:
 - a. The independent auditors' audit of the financial statements and its report thereon.
 - b. Any significant changes required in the independent auditors' audit plan.
 - c. Any significant difficulties encountered during the course of the audit (including any restriction on the scope of work or access to required information).
 - d. Any significant disagreement among management and the independent auditors in connection with preparation of the financial statements.
 - e. Other matters related to the conduct of the audit which are communicated to the Audit Committee under generally accepted auditing standards.
3. In consultation with the management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditors together with management's responses.

4. Review with financial management and the independent auditors the Company's quarterly financial results prior to the release of earnings and the Company's quarterly financial statements prior to filing or distribution. Discuss any significant changes to the Company's accounting principles and any items communicated by the independent auditors in accordance with Statement on Auditing Standards No. 61 (see Item 11). The Chairman of the Committee may represent the entire Audit Committee for purposes of this review.
5. Meet with the independent auditors and management in separate executive sessions to discuss any matters that the Audit Committee or these groups believe should be discussed privately with the Audit Committee.

Duties Relating to the Independent Auditors

The independent auditors are ultimately accountable to the Audit Committee and the Board of Directors, as representatives of the stockholders. Accordingly, the Audit Committee is expected to perform the following activities with, or as they relate to, the independent auditors:

6. Review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.
7. Approve the fees and other significant compensation to be paid to the independent auditors.
8. Review and approve requests for significant management consulting engagements to be performed by the independent auditors' firm and be advised of any other significant study undertaken at the request of management that is beyond the scope of the audit engagement letter.
9. On an annual basis, the Committee should review, and discuss with the independent auditors, all significant relationships the independent auditors have with the Company that could impair the auditors' independence. This review should include, without limitation, the following:
 - a. Receiving a formal written statement from the independent auditor delineating all relationships between the auditor and the Company, consistent with Independence Standards Board Standard No. 1.
 - b. Actively engaging in a dialogue with the independent auditor with respect to any disclosed relationships or services that may have an impact on the objectivity and independence of the independent auditor.
10. Review the independent auditors audit plan. This review should include a discussion of scope, staffing, reliance upon management and general audit approach.
11. Prior to releasing the year-end earnings, discuss, out of the presence of management, the results of the audit with the independent auditors. The discussion should include the matters set forth in Item 2, as well as the following:
 - a. The adequacy of the Company's internal controls, including computerized information system controls and security.

- b. Any related significant findings and recommendations of the independent auditor together with management's responses to them.
- c. The independent auditor's judgment about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting. Without limiting the foregoing, the Audit Committee is expected to inquire as to the independent auditors' views about whether management's choices of accounting principles appear reasonable from the perspective of income, asset and liability recognition, and whether those principles are common practices or are minority practices.

Other Audit Committee Responsibilities

- 12. Recommend to the Board of Directors whether the Company's audited financial statements should be included in the Company's Annual Report on Form 10-K for filing with the Securities and Exchange Commission.
- 13. Annually prepare a report to shareholders as required by the Securities and Exchange Commission. The report should be included in the Company's proxy statement relating to the annual meeting of stockholders.
- 14. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.
- 15. Maintain minutes of meetings and periodically report to the Board of Directors on its activities.
- 16. Periodically perform self-assessment of audit committee performance.
- 17. Annually review policies and procedures as well as audit results associated with directors' and officers expense accounts and perquisites. Annually review a summary of directors' and officers' related party transactions and potential conflicts of interest.
- 18. Discuss and address with the independent auditors any significant issues relative to overall board responsibility that, in the judgment of the independent auditors, have been communicated to management but have not been adequately resolved.