



## CODE OF BUSINESS CONDUCT AND ETHICS

### I. INTRODUCTION

This Code of Business Conduct and Ethics (this “**Code**”) is applicable to all directors, officers and employees (collectively, “**Service Providers**”) of **Capillary Technologies**. (“**Capillary**”) and is designed to help ensure compliance with legal requirements and our standards of business conduct. All Service Providers are expected to read and understand this Code, uphold these standards in day-to-day activities, comply with all applicable policies and procedures, and ensure that all agents, contractors and consultants are aware of, understand, and adhere to these standards.

This Code seeks to deter wrongdoing and to promote:

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Avoidance of conflicts of interest, including disclosure to an appropriate person or persons identified in this Code of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- (c) Full, fair, accurate, timely, and understandable disclosure in reports and documents that Capillary files with, or submits to, the Singapore regulatory authorities, including the Reserve Bank of Singapore, the authorized dealers, the Registrar of Companies and the Securities and Exchange Board of Singapore and in other public communications made by Capillary;
- (d) Compliance with applicable governmental laws, rules and regulations;
- (e) The prompt internal reporting to an appropriate person or persons identified in this Code of violations of this Code; and
- (f) Accountability for adherence to this Code.

While covering a wide range of business practices, the standards set forth in this Code do not cover every situation that may arise, but outline Capillary’s guiding principles that other Service Providers should strive to uphold. Because the principles described in this Code are general in nature, you should also review all applicable Capillary policies and procedures for more specific instruction, and contact the Human Resources Department if you have any questions.

We are committed to continuously reviewing and updating our policies and procedures. Therefore, this Code is subject to modification. This Code supersedes all other such codes, policies, procedures, instructions, practices, rules or written or verbal representations to the extent they are inconsistent.

Please sign the acknowledgment form at the end of this Code and return the form to the Human Resources Department indicating that you have received, read, understand and agree to comply with this Code. The signed acknowledgment form will be located in your personnel file. Please note that nothing in this Code, in any Capillary policies and procedures, or in other related communications creates or implies an employment contract or term of employment.

### II. COMPLIANCE IS EVERYONE'S BUSINESS

Ethical business conduct is critical to our business. We must all strive to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of Capillary’s business activities including, relationships with Service Providers, customers, suppliers, competitors, the government and the public, including our stockholders. All of our Service Providers must conduct themselves according to the language and spirit of



this Code and seek to avoid even the appearance of improper behavior. Even those actions taken with no wrongdoing in mind that violate the law or this Code may result in negative consequences for Capillary and for the individuals involved.

Many of the practices outlined in this Code reflect legal or regulatory requirements. Violations of these laws and regulations can create significant liability for you, Capillary, its directors, officers, and other employees.

Part of your job and ethical responsibility is to help enforce this Code. You should be alert to possible violations. You must cooperate in any internal or external investigations of possible violations. Depending upon the situation and individuals involved, violations of law, this Code, or other Capillary policies or procedures should be reported to the Board of Directors and as set forth in this Code. You may also report the matter on a confidential basis by sending an email to **COC@Capillarytech.com**. Violations of law, this Code or other Capillary policies or procedures can lead to disciplinary action up to and including termination of service.

Reprisal, threats, retribution or retaliation against any person who has reported a violation or a suspected violation of law, this Code or other Capillary policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited. Anyone who discriminates or retaliates against such person will be subject to disciplinary action, up to and including termination of service.

In all cases, if you are unsure about the appropriateness of an event or action, please seek assistance in interpreting the requirements of these practices by contacting the Board of Directors.

## **YOUR RESPONSIBILITIES TO CAPILLARY AND ITS STOCKHOLDERS**

### **A. General Standards of Conduct**

Capillary expects all Employee, Service Providers, and all agents, contractors and consultants to exercise good judgment to ensure the safety and welfare of everyone and to maintain an efficient, positive and harmonious work environment and business organization. These standards apply while working on our premises, at offsite locations where our business is being conducted, at Capillary-sponsored business and social events, or at any other place where you are a representative of Capillary. Service Providers, agents, contractors and consultants who engage in misconduct or whose performance is unsatisfactory may be subject to corrective action, up to and including termination of service.

### **B. Applicable Laws**

All Service Providers, agents, contractors and consultants must comply with all applicable laws, regulations, rules and regulatory orders. Service Providers located in a jurisdiction outside Singapore must comply with all applicable local laws in such jurisdiction. Each Service Provider, agent, contractor and consultant must acquire appropriate knowledge of the requirements relating to his or her duties sufficient to enable him or her to recognize potential dangers and to know when to seek advice from the Human Resources Department or management on specific Capillary policies and procedures. Violations of laws, regulations, rules and orders may subject the Service Provider, agent, contractor or consultant to individual criminal or civil liability, as well as to discipline by Capillary. Such individual violations may also subject Capillary to civil or criminal liability or the loss of business.

### **C. Quality of Public Disclosure**

Capillary has a responsibility to communicate effectively with stockholders so that they are provided with full and accurate information, in all material respects, about Capillary's financial condition and results of operations. Our reports and documents filed with or submitted to Singapore regulatory authorities and our other public communications shall include full, fair, accurate, timely and understandable disclosure in every instance. If you become aware of or suspect any improper transaction, accounting or auditing practice within Capillary, or if you believe that Capillary's internal accounting and disclosure controls are deficient or Capillary is not providing full, fair, accurate, timely and understandable disclosures in its



filings with any regulatory authority or in other public communications, you should report the matter immediately to the Board of Directors or use the other methods of reporting such issues set forth in this Code.

#### **D. Conflicts of Interest**

Each of us has a responsibility to Capillary, our stockholders and each other. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations where a conflict of interest might occur or appear to occur. Capillary is subject to scrutiny from many different individuals and organizations. We should always strive to avoid even the appearance of impropriety.

What constitutes a conflict of interest? A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of Capillary, including its subsidiaries and affiliates. It is not possible to describe every situation in which a conflict may arise, but some examples of situations that may constitute a conflict of interest include:

**Employment/Outside Employment.** In consideration of your employment with Capillary, employees are expected to devote full attention to the business interests of Capillary. Employees are prohibited from engaging in any activity that interferes with your performance or responsibilities to Capillary or is otherwise in conflict with or prejudicial to Capillary. Our policies prohibit any employee from accepting simultaneous employment with a Capillary customer, developer, competitor, licensee or other business partner or from taking part in any activity that enhances or supports a competitor's position. Additionally, all Service Providers must disclose to Capillary any personal interest that he or she has that may conflict with the business of Capillary. If you are an employee and have any questions regarding this issue, you should contact your supervisor or the Board of Directors.

(i) If you are an executive officer or director and have any questions regarding this issue, you should contact the Board of Directors.

(ii) **Outside Directorships.** It is a conflict of interest for any employee or other Service Provider to serve as a director of any company that competes with Capillary. Although you may serve as a director of a Capillary customer, developer, or other business partner, our policy requires that employees first obtain approval from the Board of Directors before accepting a directorship. Such approval may be conditioned upon the completion of specified actions. Any compensation you receive should be commensurate to your responsibilities and will belong to you unless you are serving as a director of another company at the request of Capillary.

(iii) **Business Interests.** If you are considering investing in a Capillary customer, licensee, developer, business partner or competitor, you must first take great care to ensure that these investments do not compromise your responsibilities to Capillary. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; your ability to influence Capillary's decisions; your access to confidential information of Capillary or of the other company; and the nature of the relationship between Capillary and the other company. In general, you should not have a pecuniary interest in transactions involving Capillary, a customer, licensee, or supplier, unless such interest is solely a result of routine investments made by you in publicly traded companies.

(iv) **Related Parties.** As a general rule, you should avoid conducting Capillary business with a relative or significant other, or with a business in which a relative or significant other is associated in any significant role. Relatives include a spouse, sister, brother, daughter, son, mother, father, grandparents, aunts, uncles, nieces, nephews, cousins, step relationships, and in-laws. Significant others include persons living in a spousal (including same sex) or familial fashion with a Service Provider.

If such a related party transaction is unavoidable, you must fully disclose the nature of the related party transaction to the Board of Directors. If determined to be material to Capillary by the Board of Directors, the Board must review and approve in writing in advance such related party transactions. The most significant related party transactions, particularly those involving Capillary's directors or executive officers, must be reviewed and approved in writing in advance by the Board of Directors. Capillary must report all such material related party transactions under applicable law. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to Capillary's business.



Capillary's policy regarding the employment of two or more related individuals, or the significant other of an existing employee has two aspects: Capillary (a) discourages the employment of relatives and significant others in positions or assignments within the same department and also (b) prohibits the employment of such individuals in positions that have a financial dependence or influence (e.g., an auditing or control relationship, or a supervisor/subordinate relationship). The purpose of this policy is for the Human Resources Department of Capillary to be aware of and, to the extent necessary or required, prevent the organizational impairment and conflicts that are a likely outcome of the employment of relatives or significant others, especially in a supervisor/subordinate relationship. If a relationship falls under either aspect of this policy or if a question arises about whether a relationship is covered by either aspect of this policy, the Human Resources Department should be informed and shall be responsible for determining whether an applicant's or transferee's acknowledged relationship requires action under this policy. The Human Resources Department shall advise all affected applicants and transferees of this policy. Willful withholding of information regarding relationships covered by this policy may be subject to corrective action, up to and including termination.

(v) **Other Situations.** Because other conflicts of interest may arise, it is impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts in your mind you should consult the Board of Directors.

#### **E. Corporate Opportunities**

Service Providers may not exploit opportunities that are discovered through the use of Capillary property, Capillary non-public information, or their corporate position, for their own personal gain. No Service Provider may appropriate opportunities that Capillary may have for sales or purchases of products, services or interests, unless such opportunity is fully disclosed in writing to the Board of Directors, and the Board notifies you that Capillary declines to pursue such opportunity.

#### **F. Protecting Capillary's Confidential Information**

Capillary's confidential information is a valuable asset. Capillary's confidential information means any non-public information that relates to the actual or anticipated business or research and development of Capillary, technical data, trade secrets or know-how, including, but not limited to, research, product plans or other information regarding Capillary's products or services and markets thereof, customer lists and customers (including, but not limited to, customers of the Capillary on whom you called or with whom you became acquainted during the term of your employment), software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other business information. Confidential information may also include proprietary information, including all non-public information that could be useful to competitors or that could be harmful to Capillary or its customers and affiliates if disclosed. This information is the property of Capillary and may be protected by patent, trademark, copyright and trade secret laws.

All confidential information must be used for Capillary business purposes only. Unauthorized use or distribution of Capillary's confidential information not only violates this Code, but could also be illegal.

Every Service Provider, agent, contractor and consultant must safeguard Capillary's confidential information. You are also responsible for properly labeling any and all documentation shared with, or correspondence sent to outside counsel as "Attorney-Client Privileged" if you're sharing or sending such information is intended to seek legal advice or aid Capillary lawyers in their providing of legal advice to the company. This responsibility includes the safeguarding, securing and proper disposal of confidential information which has been provided to all employees at the time of joining.

Your obligation to protect Capillary's confidential information extends to confidential information of third parties that Capillary has received under non-disclosure agreements. We must take special care to handle the confidential information of others responsibly. We handle such confidential information in accordance with our agreements with such third parties – including possible limitations on the use of such information outside of certain purposes – and according to applicable law.

(i) **Proprietary Information and Invention Agreement.** Upon joining Capillary, all non-director Service Providers signed an agreement to protect and hold confidential Capillary's proprietary information. This



agreement remains in effect for as long as you work for Capillary and after you leave Capillary. Under this agreement, you may not disclose Capillary's confidential information to anyone or use it to benefit anyone other than Capillary. You must return all of Capillary's confidential information in your possession upon ceasing to be a Service Provider.

(ii) **Disclosure of Capillary Confidential Information.** To further Capillary's business, our confidential information may be disclosed to potential business partners. However, such disclosure should never be done without carefully considering its potential benefits and risks. If you determine in consultation with appropriate members of Capillary management that disclosure of confidential information is needed, you must ensure that an appropriate written nondisclosure agreement is signed prior to the disclosure. Capillary has standard nondisclosure agreements suitable for most disclosures. You must not sign a third party's nondisclosure agreement or accept changes to Capillary's standard nondisclosure agreements without proper review and approval by the appropriate legal representative.

(iii) **Requests by Regulatory Authorities.** Capillary and its Service Providers, agents, contractors and consultants must cooperate with appropriate government inquiries and investigations. In this context, it is appropriate to the extent feasible under applicable law to protect the legal rights of the Company and third parties with respect to their confidential information. All government requests for information, documents or investigative interviews must be referred to the Board of Directors. No financial information may be disclosed without the prior approval of the Board of Directors.

**Capillary Spokespeople.** Specific policies have been established regarding who may communicate information to the press and the financial analyst community. All inquiries or calls from financial analysts should be referred to the Board of Directors. Capillary has designated members of the Board of Directors as official Capillary spokespeople for all matters. These designees are the only people who may communicate with the press on Capillary's behalf. Service Providers should exercise caution where public statements, made outside the scope of the relationship with Capillary, might be perceived as attributable to Capillary.

## **G. Use of Capillary's Assets**

(i) **General.** Protecting Capillary's assets is a key fiduciary responsibility of every Service Provider, agent, contractor and consultant. Care should be taken to ensure that assets are not misappropriated, loaned to others, or sold or donated, without appropriate authorization. All Service Providers, agents, contractors and consultants are responsible for the proper use of Capillary assets, and must safeguard such assets against loss, damage, misuse or theft. Service Providers, agents, contractors or consultants who violate any aspect of this policy or who demonstrate poor judgment in the manner in which they use any Capillary asset may be subject to disciplinary action, up to and including termination of employment or business relationship at Capillary's sole discretion. Capillary equipment and assets are to be used for Capillary business purposes only. Service Providers, agents, contractors and consultants may not use Capillary equipment or other assets for personal use, nor may they allow any other person to use Capillary equipment or other assets, provided, however, that limited and incidental personal use of PDAs, computers and telephones is permitted. Service Providers who have any questions regarding this policy should bring them to the attention of the Human Resources Department.

(ii) **Physical Access Control.** Capillary has and will continue to develop procedures covering physical access control to ensure privacy of communications, maintenance of the security of Capillary's communication equipment, and safeguard Capillary assets from theft, misuse and destruction. You are personally responsible for complying with the level of access control that has been implemented in the facility where you work. You must not defeat or cause to be defeated the purpose for which the access control was implemented.

(iii) **Capillary Funds.** Every Service Provider is personally responsible for all Capillary funds over which he or she exercises control. Capillary agents, contractors and consultants should not be allowed to exercise control over Capillary funds. Capillary funds must be used only for Capillary business purposes. Every Service Provider, agent, contractor and consultant must take reasonable steps to ensure that Capillary receives good value for Capillary funds spent, and must maintain accurate and timely records of each and every expenditure. Expense reports must be accurate and submitted in a timely manner. Service Providers, agents, contractors and consultants must not use Capillary funds for any personal purpose.





(iv) **Computers and Other Equipment.** Capillary strives to furnish Service Providers with the equipment necessary to efficiently and effectively do their jobs. You must care for that equipment and use it responsibly only for Capillary business purposes, provided, however, that limited and incidental personal use of PDAs, computers and telephones is permitted. If you use Capillary equipment at your home or off site, take precautions to protect it from theft or damage, just as if it were your own. If Capillary no longer employs you, you must immediately return all Capillary equipment. While computers and other electronic devices are made accessible to Service Providers to assist them to perform their jobs and to promote Capillary interests, all such computers and electronic devices, whether used entirely or partially on Capillary's premises or with the aid of Capillary's equipment or resources, must remain fully accessible to Capillary and, to the maximum extent permitted by law, will remain the sole and exclusive property of Capillary.

All Service Providers, agents, contractors and consultants should not maintain any expectation of privacy with respect to information transmitted over, received by, or stored in any electronic communications device owned, leased, or operated in whole or in part by or on behalf of Capillary, except in those jurisdictions where applicable law demands otherwise. To the extent permitted by applicable law, Capillary retains the right to gain access to any information received by, transmitted by, or stored in any such electronic communications device, by and through its Service Providers, agents, contractors, or consultants, at any time, either with or without the individual's or third party's knowledge, consent or approval.

(v) **Software.** All software used by Service Providers to conduct Capillary business must be appropriately licensed. Do not make or use illegal or unauthorized copies of any software, whether in the office, at home, or on the road, since doing so may constitute trade secret theft and/or copyright infringement and may expose you and Capillary to potential civil and criminal liability. In addition, use of illegal or unauthorized copies of software may subject the Service Provider to disciplinary action, up to and including termination.

(vi) **Electronic Usage.** The purpose of this policy is to make certain that Service Providers use electronic communication devices in a legal, ethical, and appropriate manner. This policy addresses Capillary's responsibilities and concerns regarding the fair and proper use of all electronic communications devices within the organization, including computers, e-mail, connections to the Internet, intranet and extranet and any other public or private networks, voice mail, video conferencing, facsimiles, and telephones. Posting or discussing information concerning Capillary's products or business is limited to designated Capillary spokespeople. Any other form of electronic communication used by Service Providers currently or in the future is also intended to be addressed by this policy. It is not possible to identify every standard and rule applicable to the use of electronic communications devices. Service Providers are therefore encouraged to use sound judgment whenever using any feature of our communications systems.

## **H. Maintaining and Managing Records**

Capillary is required by local, state, federal, foreign and other applicable laws, rules and regulations to retain certain records and to follow specific guidelines in managing its records, including all recorded information regardless of medium or characteristics. Records include paper documents, CDs, computer hard disks, email, floppy disks, microfiche, microfilm or all other media. Civil and criminal penalties for failure to comply with such guidelines can be severe for Service Providers, agents, contractors, consultants and Capillary, and failure to comply with such guidelines or with additional guidelines as circulated by Capillary from time to time may subject the Service Provider, agent, contractor or consultant to disciplinary action, up to and including termination of employment or business relationship at Capillary's sole discretion.

You are expected to review, understand and follow such policies and procedures.

## **I. Payment Practices**

(i) **Accounting Practices.** Capillary's responsibilities to its stockholders require that all transactions be fully and accurately recorded in Capillary's books and records in compliance with and to the extent required by applicable laws. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate Capillary policy and the law. Additionally, all documentation supporting a transaction should fully and accurately describe the nature of the transaction and be processed in a timely fashion.



(ii) **Political Contributions.** Capillary reserves the right to communicate its position on important issues to elected representatives and other government officials. It is Capillary's policy to comply fully with all applicable laws, rules and regulations regarding political contributions. Capillary's funds or assets must not be used for, or be contributed to, political campaigns or political practices under any circumstances without the prior written approval of the Board of Directors.

(iii) **Prohibition of Inducements.** Under no circumstances may Service Providers, agents, contractors or consultants offer to pay, make payment, promise to pay, or issue authorization to pay any money, gift, or anything of value to customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to improperly influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commission of any fraud. Reasonably inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, do not violate this policy, except that gifts of any sort are not to be given to any government employee (other than personal gifts entirely unrelated to Capillary to, for example, a relative) without the prior approval of the Board of Directors. Questions regarding whether a particular payment or gift violates this policy should be directed to the Board of Directors.

## **J. Foreign Corrupt Practices Act**

Capillary requires full compliance with the Foreign Corrupt Practices Act of 1977 (the "FCPA") by all of its employees, other Service Providers, agents, contractors and consultants.

The anti-bribery and corrupt payment provisions of the FCPA make illegal any corrupt offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value to any foreign official, or any foreign political party, candidate or official, for the purpose of influencing any act or failure to act, in the official capacity of that foreign official or party, or inducing the foreign official or party to use influence to affect a decision of a foreign government or agency, in order to obtain or retain business for anyone, or direct business to anyone. The FCPA also prohibits using intermediaries (for example, foreign affiliates, agents, consultants and distributors) to channel payments to foreign government officials for the same purposes.

All Service Providers, agents, contractors and consultants, whether located in Singapore or abroad, are responsible for FCPA compliance and the procedures to ensure FCPA compliance. All managers and supervisory personnel are expected to monitor continued compliance with the FCPA to ensure compliance with the highest moral, ethical and professional standards of Capillary.

Service Providers whose responsibilities involve foreign revenue sources are required to familiarize themselves with the Capillary FCPA Policy and related materials, copies of which are distributed to all Service Providers and are available from the Human Resources Department. If you have any questions regarding our FCPA Policy, please direct them to the Human Resources Department].

## **III. RESPONSIBILITIES TO OUR CUSTOMERS AND OUR SUPPLIERS**

### **A. Customer Relationships**

If your job puts you in contact with any Capillary customers or licensees or potential customers or licensees, it is critical for you to remember that you represent Capillary to the people with whom you are dealing. Act in a manner that creates value for our customers and licensees and helps to build a relationship based upon trust. Capillary and its Service Providers have provided products and services for many years and have built up significant goodwill over that time. This goodwill is one of our most important assets, and Service Providers, agents, contractors and consultants must act to preserve and enhance our reputation.

### **B. Payments or Gifts from Others**

Under no circumstances may any employee or other Service Providers, agents, contractors or consultants accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors,



consultants, etc. that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commission of any fraud. Reasonably inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, do not violate this policy. Questions regarding whether a particular payment or gift violates this policy are to be directed to the Human Resources Department.

Gifts given by Capillary's customers or received from customers should always be appropriate to the circumstances and should never be of a kind that could create an appearance of impropriety. The nature and cost must always be accurately recorded in Capillary's books and records.

### **C. Publications of Others**

Capillary subscribes to many publications that help Service Providers do their jobs better. These include newsletters, reference works, online reference services, magazines, books, and other digital and printed works. Copyright law generally protects these works, and their unauthorized copying and distribution constitute copyright infringement. You must first obtain the consent of the publisher of a publication before copying publications or significant parts of them. When in doubt about whether you may copy a publication, consult the Human Resources Department.

### **D. Business Partners**

Capillary's business partners make significant contributions to our success. To create an environment where our business partners have an incentive to work with Capillary, they must be confident that they will be treated lawfully and in an ethical manner. Under no circumstances should any Service Provider, agent, contractor or consultant attempt improperly to coerce business partners in any way. The confidential information of a business partner is entitled to the same protection as that of any other third party and must not be received before an appropriate nondisclosure agreement has been signed. A business partner's performance should not be discussed with anyone outside Capillary.

### **E. Lobbying**

Service Providers, agents, contractors or consultants whose work requires lobbying communication with any member or employee of a legislative body or with any government official or employee in the formulation of legislation must have prior written approval of such activity from the Board of Directors. Activity covered by this policy includes meetings with legislators or members of their staffs or with senior executive branch officials. Preparation, research, and other background activities that are done in support of lobbying communication are also covered by this policy even if the communication ultimately is not made.

### **F. Government Contracts**

It is Capillary's policy to comply fully with all applicable laws and regulations that apply to government contracting. It is also necessary to strictly adhere to all terms and conditions of any contract with local, state, federal, foreign or other applicable governments. The Board of Directors must review and approve all contracts with any government entity.

### **G. Free and Fair Competition**

Most countries have well-developed bodies of law designed to encourage and protect free and fair competition. Capillary is committed to obeying both the letter and spirit of these laws. The consequences of not doing so can be severe for all of us.

Competition laws govern relationships between Capillary and its competitors. As a general rule, contacts with competitors should be limited and should generally avoid subjects such as prices or related terms and conditions. Service Providers, agents, contractors or consultants of Capillary may not knowingly make false or misleading statements regarding





its competitors or the services of its competitors. Participating with competitors in a trade association or in a standards creation body is to be approved by the Board of Directors.

No Service Provider, agent, contractor or consultant shall at any time or under any circumstances enter into an agreement or understanding, written or oral, express or implied, with any competitor concerning prices, discounts, other terms or conditions of sale, profits or profit margins, costs, geographic markets, allocation of customers, or boycotts of customers. In some cases, legitimate joint ventures with competitors may permit exceptions to these rules as may legitimate purchases from or sales to competitors on non-competitive products, but the Board of Directors must review all such proposed ventures in advance. These prohibitions are absolute and strict observance is required. Collusion among competitors is illegal, and the consequences of a violation are severe.

Although the spirit of these laws, known as "antitrust," "competition," or "consumer protection" or unfair competition laws, is straightforward, their application to particular situations can be quite complex. To ensure that Capillary complies fully with these laws, each of us should have a basic knowledge of the above guidelines and should involve our Human Resources Department or Board of Directors early on when questionable situations arise.

#### **H. Industrial Espionage**

It is Capillary's policy to lawfully compete in the marketplace. This commitment to fairness includes respecting the rights of our competitors and abiding by all applicable laws in the course of competing. The purpose of this policy is to maintain Capillary's reputation as a lawful competitor and to help ensure the integrity of the competitive marketplace. Capillary expects its competitors to respect our rights to compete lawfully in the marketplace, and we must respect their rights equally. Service Providers, agents, contractors and consultants may not steal or unlawfully use the information, material, products, intellectual property, or proprietary or confidential information of anyone, including customers, business partners or competitors.

#### **IV. WAIVERS AND AMENDMENTS**

Any waiver of any provision of this Code for a member of the Board of Directors or an executive officer must be approved in writing by the Board of Directors and, in certain cases, promptly disclosed to the public. Any waiver of any provision of this Code with respect to any other employee, agent, contractor or consultant must be approved in writing by the Board of Directors. Material amendments to this Code will be promptly disclosed to the public.

#### **V. COMPLIANCE, REPORTING AND DISCIPLINARY ACTIONS**

The matters covered in this Code are of the utmost importance to Capillary, its shareholders and its business partners, and are essential to Capillary's ability to conduct its business in accordance with its stated values. We expect all of our Service Providers, agents, contractors and consultants to adhere to these rules in carrying out their responsibilities for Capillary.

Situations that may involve a violation of this Code may not always be obvious and may require difficult judgments to be made. Employees should report any concerns or questions about violations of laws, rules, regulations or this Code by writing to **COC@Capillarytech.com**.

Any concerns about violations of laws, rules, regulations or this Code by any senior financial officer, any officer or director should be reported promptly to an executive officer of Capillary. If appropriate, Vice President, HR will notify the Board of Directors. An anonymous report should provide enough information about the incident or situation to allow Capillary to investigate properly. If concerns or complaints require confidentiality, including keeping an identity anonymous, we will endeavor to protect this confidentiality, subject to applicable law, regulation or legal proceedings.

Capillary encourages all Service Providers to report any suspected violations promptly and will thoroughly investigate any good faith reports of violations. Capillary will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by all employees without



fear of retribution or retaliation is vital to the successful implementation of this Code. You are required to cooperate in internal investigations of misconduct and unethical behavior.

Management will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Board of Directors. Capillary will devote the necessary resources to enable management to establish such procedures as may be reasonably necessary to create a culture of accountability and facilitate compliance with this Code.

Capillary will take appropriate action against any Service Provider, agent, contractor or consultant whose actions are found to violate these policies or any other policies of Capillary. Disciplinary actions may include immediate termination of employment or business relationship at Capillary's sole discretion. Determinations of the type of disciplinary action to be taken will be made by the Board of Directors. Where Capillary has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, Capillary will cooperate fully with the appropriate authorities.

Where violation of this Code is disputed by an employee, such alleged violation will be investigated by the Human Resources Department, who shall make a determination following such investigation as to whether or not such a violation has occurred. Where a violation of this Code is disputed by an executive officer or director, such alleged violation will be investigated by the Board of Directors or a designee thereof, which shall make a determination following such investigation as to whether or not such a violation has occurred. Such a determination by Capillary will be final.

#### **ACKNOWLEDGMENT OF RECEIPT OF CODE**

I have received and read the Code of Business Conduct and Ethics (the "**Code**"). I understand the standards and policies contained in the Code and understand that there may be additional policies or laws specific to my job or service. I further agree to comply with the Code.

If I have questions concerning the meaning or application of the Code, any Capillary policies, or the legal and regulatory requirements applicable to my job, I know I can consult my manager or the Human Resources Department.