

# ZOSANO PHARMA CORPORATION CODE OF ETHICS

As Approved by the Board of Directors on July 11, 2014

## I. PURPOSE

The purpose of this Code of Ethics is to reaffirm and foster the ethical climate of Zosano Pharma Corporation (“Zosano” or the “Company”), and to provide basic guidelines for action in situations in which ethical issues arise.

Each employee of the Company, including all officers of the Company, whether or not such officer is formally employed by the Company, is responsible for the observance of this Code of Ethics. Failure to comply with any of the provisions of this Code of Ethics subjects the employee to disciplinary measures up to and including termination. If any employee has questions about this Code of Ethics, he or she may direct them to the Ethics Committee, the members of which are listed on Exhibit A. If an employee becomes aware that another employee has violated this Code of Ethics, he or she is obligated to report the violation in accordance with procedures set forth in Section X below. It is a violation of this Code of Ethics for anyone, acting on behalf of the Company, to retaliate against an employee who in good faith reports a possible violation of this Code of Ethics.

This Code of Ethics is intended to supplement the Company’s Employee Handbook and other Company policies. To the extent that the Code of Ethics is more comprehensive, it shall supersede the relevant portions of the Employee Handbook and such Company policies.

This Code of Ethics also applies to non-employee directors of the Company, and references to employees in this Code of Ethics shall be deemed to refer to such directors as well, although the non-employee directors are not subject to the Company’s Employee Handbook and employee procedures. In addition, different rules apply to employees and non-employee directors regarding membership on outside Boards of Directors (see Section IV.B).

## II. CONTENTS

**This Code of Ethics covers the following areas:**

- **General Statement of Zosano’s Business Philosophy**
- **Conflicts of Interest**
- **Compliance with Laws**
- **Corporate Records**
- **Harassment Free Work Environment**
- **Protecting Confidential Information**
- **Compliance with the Code of Ethics**
- **Reporting Suspected Non-Compliance**

### **III. GENERAL STATEMENT OF ZOSANO'S BUSINESS PHILOSOPHY**

Zosano's success is founded in part on its strong commitment to its staff and its corporate values that include: Excellence, Integrity and Accountability. These values are reflected in our daily operations and in the way the staff conducts themselves. Zosano's employees are expected to be individually accountable, and to perform their work with excellence and integrity while contributing to the team.

### **IV. CONFLICTS OF INTEREST**

Situations in which an employee has personal interests that are incompatible with the interests of the Company should be avoided. The Company expects integrity from all its employees. The Company expects that no employee will knowingly place themselves in a position that would be, or have the appearance of being, in conflict with the interests of the Company. Conflicts of interest may not always be clear-cut, so employees with questions should consult with a member of the Ethics Committee.

#### **A. Accepting Gifts and Entertainment**

The Company's aim is to deter givers of gifts to employees of the Company from expecting, seeking or receiving special favors from the Company. The acceptance of any gift of more than nominal value or entertainment that is more than a social amenity can appear to be an attempt to influence the recipient into favoring a particular supplier, customer or consultant. To avoid improper relations with current or prospective suppliers, customers and consultants, employees should observe the following guidelines when deciding whether or not to accept gifts or entertainment:

#### **1. Gifts**

Gifts such as merchandise or products, as well as personal services or favors, may not be accepted unless they are of nominal value. Employees should consult with a member of the Ethics Committee before accepting any gifts of more than nominal value. Gifts of any amount may never be solicited. A gift of cash or securities may never be accepted. If you have a question as to what constitutes nominal value, please consult the Company's Employee Handbook or a member of the Ethics Committee.

In some international business transactions, it is customary and lawful for business leaders in a host country to give gifts to Company employees. These gifts may be of more than nominal value and under the circumstances returning the gifts or paying for them may be an affront to the giver. In any such situation, the gift must be reported to the employee's manager. In all other instances where gifts cannot be returned and offering to pay for them would adversely affect continuing business relationships, managers must be notified. In some cases, the Company at its sole discretion may retain the gift.

## **2. Entertainment**

Normal business entertainment by customers, suppliers, consultants or other third parties with which the Company does business, including but not limited to lunch, dinner, theater, a sporting event, and the like, is appropriate if of a reasonable nature and for a business purpose.

## **B. Outside Activities**

It is the policy of the Company that, except as otherwise specifically approved in writing by an employee's manager, each employee is expected to devote substantially all his or her efforts during normal business hours to the employee's duties on behalf of the Company. No employee is to engage in a "free-lance" or "moonlighting" occupation or activity that will materially encroach on the time or attention which should be devoted to the employee's duties, adversely affect the quality of work performed, compete with the Company's activities, imply sponsorship or support by the Company of another party or adversely affect the good name of the Company. Employees who engage in other permitted employment may not use Company time, facilities, resources or supplies for such work without the prior written approval of the Ethics Committee. Notwithstanding the forgoing, it is understood that the nominal use of company facilities (e.g., email or phones) for charitable or community service work is acceptable.

In addition, without the consent of the Ethics Committee employees are prohibited from personally benefiting from opportunities that could be pursued by the Company and that come to their attention through the use of Company property, information or position. No employee may use Company property, information or position for improper personal gain. Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

Employees are not allowed to serve on for-profit Boards of Directors without the prior approval of the Ethics Committee. In no circumstance may an employee serve on the Board of Directors of a competitor, customer, supplier or a consultant. Service on a not-for-profit Board of Directors is acceptable as long as it does not interfere with the employee's daily work.

Non-employee directors are free to serve on outside Boards of Directors, except that they may not serve on the Board of a competitor of the Company.

## **C. Interests in Other Businesses**

Unless approved in advance by the Ethics Committee, neither an employee nor his or her spouse, domestic partner, or any other member of the employee's immediate family may directly or indirectly have a material financial interest (whether as an investor, lender, employee or other service provider) in a competitor, or in a customer, supplier or other third party with which the Company does business. This prohibition does not apply to passive investments in a mutual fund or similar investment vehicle or in less than one percent (1%) of the outstanding stock of a publicly traded company.

## **V. COMPLIANCE WITH LAWS**

It is the policy of the Company to comply with all applicable laws, including, without limitation, employment, discrimination, health, safety, antitrust, securities and environmental laws.

Company employees should conduct their business affairs in such a manner that the Company's reputation will not be impugned if the details of their dealings should become a matter of public discussion. Employees must not engage in any activity that degrades the reputation or integrity of the Company. No director or employee of the Company has authority to violate any law or to direct another employee or other person to violate any law on behalf of the Company.

We strive to do business with companies of sound business character and reputation. We do not knowingly support any public or private organization that espouses illegal discriminatory policies or practices.

### **A. Securities Laws**

Employees may not trade in or recommend securities of the Company, or of its customers or other companies with which it does business, while in possession of material, non-public information about the Company or about such other companies. The purchase or sale of a publicly traded security while in possession of material non-public information about the issuer of the security constitutes "insider trading," and is unlawful. Material information could include, for example, information about earnings, significant gains or losses of business, loss or signing of a significant contract, significant product announcements, positive or negative results of clinical trials or regulatory actions, or the hiring, firing or resignation of a director or officer of the Company or of such customer or other company. The securities laws and this Code of Ethics prohibit insider trading, as well as "tipping," which is communicating material, non-public information to anyone who might use it to purchase or sell securities. When in doubt, information obtained as an employee of the Company should be presumed to be material and non-public.

Employees are also prohibited from trading in Company stock, whether or not they possess material, non-public information, during designated blackout periods. Additional information concerning the Company's insider trading policy and this blackout period policy, and compliance with securities laws generally, is set forth in the Company's Insider Trading Policy that the Company includes in materials distributed to its employees and is incorporated by reference into this Code of Ethics.

Employees who have questions pertaining to the sale or purchase of a security under circumstances that might involve inside information or raise other securities law issues should consult with the Company's Chief Financial Officer.

### **B. Antitrust Laws**

Compliance with antitrust and competition laws around the world is essential. These laws generally prohibit "restraints of trade," which is certain conduct involving competitors, clients or suppliers in the marketplace. These laws are complex. Some types of anti-competitive conduct,

such as restrictive agreements with competitors or agreements regarding minimum resale prices or price levels (e.g., discounts) for the Company's goods and services, are illegal under the antitrust laws of the United States and many other countries. Employees and other representatives of the Company must be alert to avoid even the appearance of any unlawful anti-competitive conduct.

This Code of Ethics is not intended as a comprehensive review of the antitrust laws and is not a substitute for expert advice. If any employee has questions concerning a specific situation, he or she should contact the Company's Chief Financial Officer before taking action.

### **C. Relationships with Foreign and Domestic Public Officials**

Some employees do business with federal, state or local government agencies. All employees engaged in business with a governmental body or agency must know and abide by the specific rules and regulations covering relations with public agencies. Such employees must also conduct themselves in a manner that avoids any dealings that might be perceived as attempts to influence public officials in the performance of their official duties.

Employees are free to exercise the right to make political contributions within legal limits. The Company will not request, require or reimburse any employee for political contributions, and employees should not attempt to receive or facilitate such reimbursements. Generally, no contribution may be made with the expectation of favorable government treatment in return.

In addition, the Ethics Committee must approve in advance any political activity or contribution by an employee, which might appear to constitute an endorsement or contribution by the Company.

Employees must also comply with the Foreign Corrupt Practices Act, which generally makes it unlawful to give anything of value to foreign government officials, foreign political parties, party officials, or candidates for public office for the purposes of obtaining, or retaining, business for the Company. Any questions about compliance should be directed to a member of the Ethics Committee.

### **D. Bribery, Kickback and Fraud**

No Company funds, assets, merchandise, products or services shall be paid, loaned, provided or otherwise disbursed as bribes, "kickbacks," or other payments designed to influence or compromise the conduct of the recipient. Company funds, assets, merchandise, products or services shall never be used in furtherance of any fraudulent activity.

To illustrate the ethical standard the Company expects every employee to maintain, the following conduct is expressly prohibited:

- Payment of money, gifts, loans or other favors which are intended, or which might have the appearance of being intended, to influence business decisions or compromise independent judgment of another party in regard to such party's dealings with the Company; and

- Payment of rebates or “kickbacks” for obtaining business for the Company.
- Receiving “kickbacks” for obtaining business from the Company.

Reasonable commissions or similar payments consistent with industry practice and pursuant to written agreements entered into in the ordinary course of business and recorded on the books of the Company are not prohibited by this policy. Any employee found to be engaged in activities involving a bribe, kickback, or other unlawful payment, or attempting to initiate such activities, will be subject to termination and possible criminal proceedings. All employees have a responsibility to report any actual or attempted bribery, kickback or unlawful payment to the Ethics Committee.

## **E. International Operations**

Laws and customs vary throughout the world, but all employees must uphold the integrity of the Company. When conducting business in other countries, it is imperative that employees be sensitive to foreign legal requirements and also to United States laws that apply to foreign operations. For example, the United States government uses economic sanctions and trade embargoes to further various foreign policy and national security objectives. Employees must abide by all export laws and regulations and economic sanctions or trade embargoes adopted by the United States. Inquiries regarding whether a transaction on behalf of the Company requires a specific license or otherwise complies with applicable foreign and United States laws should be referred to the Company’s Chief Financial Officer.

## **VI. CORPORATE RECORDS**

### **A. Maintenance of Books and Records**

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. The Company has adopted record keeping procedures to assist it in meeting its internal needs and the requirements of applicable laws and regulations. These established procedures must be followed to assure the complete and accurate recording of all transactions. All employees, within their areas of responsibility, are expected to adhere to these procedures, as directed by appropriate Company officers. For example, business expenses must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, you should consult the Employee Handbook and other applicable Company policies. All transactions involving Company assets should be properly recorded. Unrecorded or “off the books” funds, assets or payments should never be maintained or made.

### **B. Document Retention**

The space available for the storage of Company documents, both on paper and in electronic form, is limited and expensive. Therefore, periodic discarding of documents is necessary. On the other hand, there are legal requirements that certain records be retained for specific periods of time. Before disposing of documents, employees should consult the Company’s written records

retention policy. Employees who are unsure about the need to keep particular documents should consult with the Company's Chief Financial Officer or Controller so that a judgment can be made as to the likelihood that the documents will be needed.

Whenever it becomes apparent that documents of any type may be required in connection with a lawsuit or government investigation, all possibly relevant documents should be preserved, and ordinary disposal or alteration of documents pertaining to the subjects of the litigation or investigation should be immediately suspended. If an employee is uncertain whether documents under his or her control should be preserved because they might relate to a lawsuit or investigation, he or she should contact the Company's Chief Financial Officer or Controller.

### **C. Accounting Records**

Any accounting adjustments that materially depart from generally accepted accounting principles ("GAAP") must be approved by the Audit Committee of the Company's Board of Directors and reported to the Company's independent auditors. In addition, all material off-balance-sheet transactions, arrangements and obligations, contingent or otherwise, and other relationships of the Company with unconsolidated entities or other persons that may have material current or future effects on the financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses must be disclosed to the Audit Committee and the Company's independent auditors.

No employee may interfere with or seek to improperly influence, directly or indirectly, the auditing of the Company's financial records. Violation of these provisions shall result in disciplinary action, up to and including termination, and may also subject the violator to substantial civil and criminal liability.

If an employee becomes aware of any improper transaction or accounting practice concerning the resources of the Company, he or she is obligated to report the matter immediately as provided in our Procedures Regarding Complaints and Concerns About Accounting Matters, attached hereto as Exhibit B. There will be no retaliation against employees who, in good faith, report questionable accounting or auditing matters.

### **D. Duties of Chief Executive Officer, Chief Financial Officer and Senior Financial Personnel**

This Code of Ethics is intended and designed to promote full, fair, accurate, timely and understandable disclosure in the Company's public filings and other communications. The Company's chief executive officer ("CEO"), President and all senior financial personnel, including the chief financial officer ("CFO") and Controller, hold an especially important and elevated role in corporate governance. They are vested with both the responsibility and authority to protect, balance, and preserve the interests of all of the Company's stakeholders, including stockholders, clients, employees, suppliers, and citizens of the communities in which business is conducted. They fulfill this responsibility by prescribing and enforcing the policies and

procedures employed in the operation of the Company's finance department, and by taking the following actions:

The Company's CEO, President, CFO and other senior financial personnel will exhibit and promote the highest standards of honest and ethical conduct through the establishment and operation of policies that:

- Encourage professional integrity in all aspects of the finance department, by fostering responsible behavior and eliminating fear of reprisals or similar action from the finance department and the Company itself;
- Prohibit and eliminate the occurrence of conflicts between what is in the best interest of the Company and what is in the material personal interest of the CEO, President, CFO or members of the finance department; and
- Provide opportunities to and encourage members of the finance department to inform senior management of deviations in practice from policies and procedures governing honest and ethical behavior.

The Company's CEO, President, CFO and other senior financial personnel will establish and manage the Company's reporting systems and procedures to provide a reasonable level of assurance that:

- Business transactions are properly authorized and completely and accurately recorded on the Company's books and records in accordance with GAAP and established Company financial policy;
- The retention or proper disposal of Company records is in accordance with applicable legal and regulatory requirements; and
- The financial reports of the Company are made in accordance with applicable laws.

## **VII. HARASSMENT FREE WORK ENVIRONMENT**

The Company is committed to fostering a work environment in which all individuals are treated with respect and dignity. Violence and threatening behavior are not permitted. Each individual should be permitted to work in a business-like atmosphere that promotes equal employment opportunities and prohibits discriminatory practices, including harassment. Therefore, the Company expects that all relationships among persons in the workplace will be business-like and free of unlawful bias, prejudice and harassment. It is the Company's policy to provide equal employment opportunity without discrimination or harassment on the basis of race, color, national origin, religion, sex, age, sexual orientation, disability, or any other status protected by law. Additional employee policies with respect to this topic may be contained in the Company's Employee Handbook.



## **VIII. PROTECTING CONFIDENTIAL INFORMATION**

The continued success of the Company depends on our ability to protect our confidential and proprietary information, including our intellectual property, which is one of our most valuable assets. Confidential information includes all non-public information that might be of use to our competitors or harmful to our collaboration partners or business partners if disclosed. Each employee will sign the Company's Confidential Information and Invention Assignment Agreement upon hiring and will be bound by its terms.

Each employee is obliged to protect the Company's confidential information from unauthorized use as well as preserving the confidentiality of others' information that is entrusted to the Company. Almost all nondisclosure agreements executed by the company are mutual in nature. Consequently, each employee is obliged to protect the confidential information of our collaboration and business partners, clinical investigators, consultants, contractors, customers and suppliers that is exchanged under such agreements in the same manner as we protect the information of the Company.

The foundation of our relationships with these third parties is built on trust and it is up to each employee to ensure that we earn that trust through our actions, including by protecting the proprietary information that such entities have entrusted to the Company. In addition, each employee must also abide by any agreement made with previous employers that may include restrictions on the nondisclosure of the previous company's confidential information, the ability to solicit former colleagues to work at the Company and restrictions to compete with a former employer.

The Company performs fundamental scientific research and engages in significant clinical studies and pharmaceutical development activities. At times, the Company may decide to pursue patents on various formulations and technologies generated by these efforts. It is important that employees recognize that premature disclosure of ideas and innovations can void a patent application and fundamentally affect the Company's competitive position. All employees must follow the Company's established procedures before publishing work or releasing information regarding new innovations at the Company.

To assist in the protection of the Company's confidential information, the Company has developed Security and IT policies. Employees must adhere to these policies at all times. Employees should refer to the Company's Employee Handbook to ensure proper procedures are followed.

## **IX. COMPLIANCE WITH THE CODE OF ETHICS**

This Code of Ethics will be provided to each employee. It shall be the employee's responsibility to review, understand and follow it and to raise any questions regarding the Code to their manager and director or a member of the Ethics Committee. In addition, all employees are expected to perform their work with honesty and integrity in any areas not specifically addressed

by this Code of Ethics. A violation of this Code of Ethics may result in appropriate disciplinary action including the possible termination from employment with the Company, without additional warning.

The Company strongly encourages dialogue among employees and their supervisors to make everyone aware of situations that give rise to ethical questions and to articulate acceptable ways of handling those situations. Employees should whenever possible attempt to resolve questions before taking actions that they believe may involve ethical issues. This Code of Ethics reflects general principles to guide employees in making ethical decisions and is not intended to address every situation. Nothing in this Code of Ethics prohibits or restricts the Company from taking any disciplinary action on any matters pertaining to employee conduct, whether or not they are expressly discussed in this document. This Code of Ethics is not intended to create any express or implied contract with any employee or third party.

The Audit Committee of the Board of Directors of the Company has the exclusive responsibility for the final interpretation of this Code of Ethics. This Code of Ethics may be revised, changed or amended at any time by the Board of Directors of the Company or its designated committee.

## **X. REPORTING SUSPECTED NON-COMPLIANCE**

### **A. General Policy**

To assist in the administration of the Code of Ethics, the Company has established an Ethics Committee. The Committee is comprised of the persons identified on Exhibit A. All employees should feel safe about reporting any ethical violations or accounting concerns and from any reprisals. Because failure to report criminal activity can itself be understood to condone the crime, employees are required to come forward with any such information, without regard to the identity or position of the suspected offender. Failure to report knowledge of wrongdoing may result in disciplinary action and, potentially legal action against those who fail to report.

Reporting of Ethical Concerns. As part of its commitment to ethical and legal conduct, the Company expects its employees to bring to the attention of the Ethics Committee, or any of the people it designates, information about suspected violations of this Code of Ethics by any Company employee or agent.

Reporting of Accounting Concerns. Employees who have information about suspected improper accounting, internal control or auditing matters may bring it to the attention of a member of the Ethics Committee or to a member of the Audit Committee, or may submit an anonymous complaint as provided below.

### **B. Complaint Procedure**

Notification of Complaint - Information about known or suspected violations by any employee should be reported promptly. The notification should specify in reasonable detail the nature of the complaint and the persons involved in and with knowledge of the violation. It should be

accompanied by any supporting documentation. Notification may be verbal or written. If the notification is verbal, it may be made to any member of the Ethics Committee or the Audit Committee's representative. Written notices may be deposited in the Ethics Committee's or Audit Committee's mailbox located in the Company's headquarters office or delivered to any member of the Ethics Committee or the Audit Committee's representative. If possible, written notices should be followed up with a verbal communication to the Ethics Committee or the Audit Committee, as applicable, noting the filings of a written notice. Contact information for members of the Ethics Committee, as well as the Company's Audit Committee, is set forth in Exhibit A.

Investigation - Reports of violations will be investigated under the Ethics Committee's supervision, as it finds appropriate. Reports to the Ethics Committee that relate to accounting, internal control or auditing matters may be referred by the Ethics Committee to the Audit Committee for investigation in accordance with that Committee's procedures, attached as Exhibit B. Employees are required to cooperate in the investigation of reported violations.

Confidentiality – To the extent practical and appropriate under the circumstances, neither the Ethics Committee nor, if applicable, the Audit Committee, will disclose the identity of anyone who reports a suspected violation or who participates in the investigation. Employees should be aware that the Ethics Committee or, if applicable, the Audit Committee, and those assisting the applicable Committee are obligated to act in the best interests of the Company.

Protection Against Retaliation - Retaliation in any form against an individual who reports a violation of this Code of Ethics or of law in good faith, even if the report is mistaken, or who assists in the investigation of a reported violation, is a serious violation of this policy. Acts of retaliation should be reported immediately to a member of the Ethics Committee and will result in appropriate disciplinary action.

## **C. Waivers**

While some of the policies contained in this Code must be strictly adhered to and no exceptions can be allowed, in very limited cases exceptions may be possible. Any employee who believes that an exception to any of these policies is appropriate should first contact his or her manager or director. If the manager or director agrees that an exception may be appropriate, the approval of the Ethics Committee must be obtained. The Ethics Committee will be responsible for determining whether a waiver will be permitted and for communicating such decision to the requesting individual. The chairperson of the Ethics Committee will be responsible for maintaining a complete record of all requests for exceptions to any of these provisions and the disposition of such requests.

Any executive officer or member of the Board of Directors who seeks an exception to any of these policies should contact the Board of Directors. Any waiver of this Code for executive officers or directors or any change to this Code that applies to executive officers or directors may be made only by the Board of Directors and will be disclosed if required by law.

## EXHIBIT A

### How to Contact the Ethics Committee and Audit Committee

#### Ethics Committee

Written information may be mailed to the Ethics Committee in care of the Company or deposited in a sealed envelope in any of the Ethics Committee's mailbox located in the Company's headquarters office. You may also contact individual members of the Ethics Committee using the following information:

<u>Name</u>	<u>E-Mail Address</u>	<u>Telephone Number</u>	<u>Mailing Address</u>
Steven Lo, <i>Chief Executive Officer</i>	slo@zosanopharma.com	(510) 745-1255	c/o Zosano Pharma 34790 Ardentech Court Fremont, California 94555
Christine Matthews, <i>Chief Financial Officer</i>	cmatthews@zosanopharma.com	(510) 745-1207	
Debra Delmundo, <i>Human Resources</i>	ddelmundo@zosanopharma.com	(510) 745-1277	

#### Audit Committee

Written information may be mailed to the Audit Committee in care of the Company or deposited in a sealed envelope in the Audit Committee's mailbox located at the Company's headquarters office. You may also contact the company's Audit Committee members using the following information:

<u>Name</u>	<u>E-Mail Address</u>
Joseph Hagan	jhagan@regulusrx.com
Linda Grais	linda@lgrais.com
Kenneth Greathouse	kgreat98@yahoo.com

An incident may also be reported through <http://www.lighthouse-services.com/zosanopharma>

## **EXHIBIT B**

### **PROCEDURES REGARDING COMPLAINTS AND CONCERNS ABOUT ACCOUNTING MATTERS**

The Sarbanes-Oxley Act of 2002 requires audit committees to establish procedures for:

- i. the receipt, retention, and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters; and
- ii. the confidential, anonymous submission by employees of the company of concerns regarding such matters.

Accordingly, the Audit Committee of Zosano Pharma Corporation has adopted the procedures set forth below.

#### **A. Receipt, Retention and Treatment of Complaints.**

##### **1. Receipt.**

Any officer, director or other employee of the Company who receives a complaint, whether from an employee of the Company or any other person, regarding accounting, internal accounting controls or auditing matters (a "Complaint") shall promptly advise the Company's Ethics Committee of the receipt and substance of the Complaint.

Promptly upon being advised of such a Complaint, a member of the Ethics Committee (or, if such Complaint is received by a member of the Audit Committee, such member) shall inform the Chair of the Audit Committee of the substance of the complaint and forward copies of any writing or other documentation from another person in connection with the Complaint to the Audit Committee representative. Notwithstanding the requirement to inform the Chair of the Audit Committee, a member of the Ethics Committee being advised of a Complaint may elect not to so inform the Audit Committee if: (a) he or she determines that the Complaint is frivolous or without merit; and (b) all of the members of the Ethics Committee agree with that determination.

Complaints may also be made to the Ethics Committee or Audit Committee on an anonymous basis by a written submission deposited in the Ethics Committee's or Audit Committee's mailbox, or delivered to any member of the Audit Committee, as set forth on Exhibit A.

##### **2. Retention.**

The Ethics Committee shall retain all writings and other documentation received in connection with a Complaint, in a secure area, for at least five (5) years from the receipt.

### **3. Treatment.**

The Audit Committee shall include the matters raised by any Complaint (whether it is received directly by any member of the Committee or its representative or that is referred to it by the Ethics Committee) on the agenda for discussion at its next meeting. If the Chair of the Audit Committee determines, in his or her reasonable judgment, that the matters raised in the Complaint should be addressed prior to the next regularly scheduled meeting of the Audit Committee, the Chair shall call a special meeting of the Audit Committee to be held at a sooner time.

The Audit Committee may invite the members of the Ethics Committee and any other employees of the Company, as well as representatives of the Company's independent auditors or its outside legal counsel, to attend all or a portion of the meeting at which a discussion of the Complaint is scheduled. In addition, the Audit Committee may engage independent counsel and other advisers, as it may deem necessary, in evaluating and responding to the Complaint. At the meeting, the Audit Committee shall discuss and evaluate the merits of the Complaint and authorize such responses and follow-up actions, if any, as it deems necessary and appropriate, to address the substance of the Complaint.

#### **B. Employee Submissions.**

Employees of the Company who harbor any concerns regarding questionable accounting or auditing matters should contact any member of the Ethics Committee or Audit Committee. The names of and contact information for each of those persons are attached to this Code of Ethics as Exhibit A.

An employee who wishes to raise concerns anonymously may do so by submitting such employee's concerns in writing to any of the persons named on Exhibit A. Written information may be mailed to the Audit Committee in care of the Company or deposited in a sealed envelope in the Ethics Committee's or Audit Committee's mailbox located at the Company's headquarters office. You may also contact individual members of the Ethics Committee or Audit Committee. Even if an employee submits concerns other than anonymously, the Company will endeavor to protect the privacy and confidentiality of that employee to the extent possible. In any event, no employee will be penalized for reporting a concern (unless that employee is found to have knowingly and willfully made a false report).

All concerns regarding questionable accounting, internal controls or auditing matters will be treated in the same manner as Complaints received under Section A above (concerning receipt, retention and treatment of Complaints).