



## CODE OF ETHICS

This document set forth the Company's Code of Ethics (the "Code"). All of the Company's and its subsidiaries' employees, including its members of the Board of Directors, executive officers and/or other employees are expected and required to comply with the terms of the Code and adhere to the highest standard in the conduct of all aspects of the Company's business.

In today's fast-paced and high-pressure business environment, the Company's commitment to maintain our customers' and the market's confidence and esteem is crucial for our success. To meet this goal, we must remain completely ethical in the way that we conduct our business and with respect to all aspects of our day-to-day operation. We all know the pressures in business can be enormous, and some may be tempted to cut corners in order to improve results. However, we believe in the highest ethical standards and strong compliance processes and thus we expect all of our and our subsidiaries' employees and officers to take all actions to fully comply with the terms of this Code, as set forth below.

The following are the guidelines for conduct of business under this Code:

### ***Compliance with Laws***

All actions taken by you in connection with the Company's business should be in full compliance with any and all applicable governmental laws, rules and regulations, as may be amended and updated from time to time. If you have any questions about such laws or if you are uncertain if any such laws are applicable to certain actions, please contact the Company's Chief Financial Officer.

### ***Public disclosure and reports***

You should only make public disclosure relating to the Company when and if authorized by the Company. When providing any public disclosures, communications and/or reports on behalf of the Company, all such disclosures, communications and/or reports must contain full, fair, accurate, timely, and understandable information.

### ***Conflicts of Interest***

You must (i) avoid any personal activity, investment or association which could appear to interfere with good judgment concerning the Company's best interests, and (ii) refrain from using your position or relationship with the Company for any personal gain. You should avoid even the appearance of such a conflict. An example of a conflict of interest is if you, directly or through family members, have a financial interest (other than a non-substantial one such as holding shares in a publicly traded company) in another company that the Company deals with, whether as a supplier, client, partner, etc., or if you are entitled to any benefits from such third party. The above is not a complete list and there may be other occasions in which a conflict of interest may arise. If you have concerns about any situation, follow the steps outlined in the Section on "Reporting Ethical Violations".

### ***Misuse of Information***

You may not use or reveal Company's, customer's or vendor's confidential or proprietary information to

others. This includes business methods, pricing and marketing data, strategy, computer code, screens, forms, experimental research, and information about Company's current, former and prospective customers and employees.

### ***Improper Use or Theft of the Company Property***

You are required to safeguard the Company property from loss or theft, and may not take such property for personal use. The Company property includes confidential information, software, computers, office equipment, and supplies. You must appropriately secure Company property within your control to prevent its unauthorized use.

### ***Gifts***

Other than for modest gifts given or received in the normal course of business (including travel or entertainment), neither you or your relatives may give gifts to, or receive gifts from, the Company's and its subsidiaries' customers and vendors.

### ***Communications***

All communications placed by the Company and its subsidiaries, whether internal or external, should be accurate, complete and forthright. These communications include, but are not limited to, television, radio broadcast, advertising, marketing, sales illustrations, or general internal reports and memoranda.

### ***Fair Dealing***

You should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

### ***Securities Trading***

It is usually illegal to buy or sell securities using material information not available to the public. Persons who give such undisclosed "inside" information to others may be as liable as persons who trade securities while possessing such information. Securities laws may be violated if you, or any relatives or friends trade in securities of the Company, or any of its clients or vendors, while possessing "inside" information. You must fully comply with the insider trading policy adopted by the Company and with any notification made by the Company in connection with such policy. If you are uncertain what to do, please contact the Company's legal department.

### ***Waivers***

There shall be no waiver of any part of the Code, except by a vote of the "independent" members of the Board of Directors, which will ascertain whether a waiver is appropriate and ensure that the waiver is accompanied by appropriate controls designed to protect the Company. In the event that any waiver is granted, the waiver will be posted on the Company's website, thereby allowing all shareholders to evaluate the merits of the particular waiver.

### ***Making the Right Choices***

Maintaining the high standards we demand of ourselves requires more than simply issuing a statement policy. It requires a total commitment to sound ethical principals and our values. It also requires the nurturing of a culture within the Company that is highly moral, with decisions and actions based on what is right, not simply what is expedient. There may be occasions when you are uncertain about what is the right thing to do. In such cases we urge you to use sound discretion and to approach our legal department for assistance. No policy, statement, or code of conduct can cover every conceivable circumstance.

### ***Implementation of the Code of Ethics***

At ViryaNet, ethics is everyone's business. All managers are responsible for communicating this policy to employees under their supervision. The policy will be available electronically and on the Company's website, and revisions or updates to this policy will be published periodically and distributed appropriately. All employees are required to certify in writing that they have reviewed and understand the Code of Ethics. This certification will take place upon the Code of Ethics coming into effect. Newly hired employees will be required to make this certification upon joining ViryaNet as a condition of their hiring.

The Company, at its sole discretion, may require that all employees re-certify their understanding of the Code of Ethics on an annual basis, or sooner if the Code of Ethics has been materially revised or updated since the last certification was completed.

Any waiver of this Code of Ethics for any executive officer or member of the board of directors may be made only upon the prior written approval of the Company's board of directors and will be promptly disclosed as required by law. Waivers of this Code of Ethics for a non-officer employee may be made by the Chief Executive Officer and Chief Financial Officer only upon the employee making full disclosure in advance of the transaction in questions. Such waivers will only be granted in extraordinary circumstances when necessary, and they will be limited and qualified as appropriate.

Any employee having information, knowledge or suspicion of any actual or contemplated action or inaction which is, or appears to be, in violation of this Code of Ethics is required to report the matter promptly to his or her manager, the functional Vice President, to the Chief Financial Officer, to the Chief Executive Officer and any other reporting channel that may be established by the Company from time to time. All employees are required to recognize the critical importance of legal compliance and the Company's commitment to ethical conduct. Any violation or failure to report a known violation of law or policy may result in disciplinary action up to and including termination. If the report is made to the employee's manager, the manager shall promptly report the matter to the Chief Financial Officer or to the Chief Executive Officer. In some cases, employees may report issues directly to the Audit Committee of the Board of Directors. Employees who report an actual or apparent violation of this policy will not be subject to retaliation or reprisal from any person as a result of having disclosed the violation and any such attempt at retaliation or reprisal will result in disciplinary action up to and including termination for the person attempting such retaliation or reprisal. The Company has established means by which employees can anonymously provide information directly to the Company's Audit Committee regarding possible violations of law and/or the Company's Code of Ethics or policies or other issues that may place the Company's reputation at risk. Employees can contact the Audit Committee using the following email address: [ethics@viryanet.com](mailto:ethics@viryanet.com)

### ***Interpretation of the Code of Ethics***

The matters addressed in this Code of Ethics are both fundamental and important. The Company is committed to providing employees all resources necessary to understand and comply with its terms and the terms of the underlying laws and policies. All Code of Ethics terms should be construed in tandem with the Company's other stated policies, procedures and guidelines, and in conjunction with any applicable laws, rules and regulations. Any employee who is uncertain as to the meaning or interpretation or application of this policy to a specific situation should seek guidance from his or her department manager, functional Vice President, the Chief Financial Officer, or the Chief Executive Officer. The ViryaNet Code of Ethics is not a contract and ViryaNet retains the right to change, modify, suspend, interpret or eliminate any provision of this plan, retroactively or proactively, at any time with our without notice.

By signing below, I hereby acknowledge to my employer that I am aware of the existence of the ViryaNet Code of Ethics, have access to it, have read and understand it and am aware that compliance with the Code of Ethics is a condition to my employment. I am also aware of how to seek guidance or report Code of Ethics violations.

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_