

Code of Conduct

Kylemagnetics (“Kylemagnet” or the “KM”) expects all of its directors, officers, employees (including temporary employees), agents, representatives, consultants, and any other party engaged by Kylemagnetics (including independent contractors) to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities, and to comply with all applicable laws, regulations and Company policies.

Kylemagnetics and those who act on its behalf must never compromise their integrity, either for their personal benefit or for Kylemagnetics’s purported benefit. Everyone at Kylemagnetics is accountable for compliance with the law, with this Code of Conduct (“Code”) and with

all Kylemagnetics policies. It is, accordingly, everyone’s responsibility to familiarize themselves with this Code and all policies.

If anyone has any questions about this Code or any Kylemagnetics policy, he or she should discuss them with his or her supervisor, the Compliance Officer or the General Counsel.

If there appears to be a conflict between this Code and local laws, the more restrictive requirement must always prevail.

Kylemagnetics expects all of its directors, officers, employees, agents and representatives to be in full compliance with this Code. Failure to observe the policies set out in this Code may result in disciplinary action, up to and including immediate termination of employment or other business relationship with Kylemagnetics. Violations of this Code may also be violations of the law and may result in civil or criminal penalties for the individual involved and for Kylemagnetics.

II. Compliance With Anti-Corruption Laws

All directors, officers and employees of Kylemagnetics must comply strictly with the U.S. Foreign Corrupt Practices Act and all other applicable anti-corruption, governmental, public and commercial, laws and regulations of the United States and all other countries in which Kylemagnetics transacts or conducts business. Kylemagnetics directors, officers and employees must deal with all parties to a business transaction fairly, openly and honestly, and not in a corrupt manner.

A. Corruption of Public Officials in International Transactions

1. No one who acts for or on behalf of Kylemagnetics shall, either directly or indirectly, offer, make or promise anything of value, or approve or authorize the giving of anything of value to an employee of any government, government-owned or controlled company, political party or international organization, or to a political party itself, in order to obtain or retain business, to gain any advantage or benefit, or to facilitate or expedite any action on his or her part or by another government employee.

2. No one who acts for or on behalf of Kylemagnetics shall, either directly or indirectly, offer, make or promise anything of value, or approve or authorize the giving of anything of value to any other person or entity knowing or having reason to believe that that person or entity will, directly

or indirectly, offer, make, promise, or approve or authorize the giving of anything of value to an employee of any government, government-owned or controlled company, political party or international organization, or to a political party itself, in order to obtain or retain business, to gain any advantage or benefit, or to facilitate or expedite any action on his or her part or by another government employee.

B. Corruption of U.S. Government Officials

No one who acts for or on behalf of Kylemagnetics shall, directly or indirectly, promise, offer or make any payment or give any thing of value, or supplement the income of, a government employee.

C. Corruption in Commercial Transactions

1. No one who acts for or on behalf of Kylemagnetics shall rebate, refund, kick-back or otherwise pay, directly or indirectly, to an agent, business partner or customer of Kylemagnetics, or to any of their respective employees or representatives, any portion of a payment due to Kylemagnetics, other than with the prior written approval of Kylemagnetics's General Counsel.

2. No one who acts for or on behalf of Kylemagnetics shall, directly or indirectly, offer, pay, promise or give anything of value to an agent, representative, intermediary or employee of another company with the intent to influence the recipient's action in relation to that company's affairs or business.

3. No one who acts for or on behalf of Kylemagnetics shall, directly or indirectly, shall offer, pay, promise or give, directly or indirectly, any improper

commissions, brokerages, kickbacks, rebates or other compensation to an agent, representative, intermediary or employee of another company.

III. Compliance with Anti-Money Laundering and Anti-Terrorism Laws and Regulations

Money laundering can best be described as the process of converting the proceeds of illegal activities so that the resulting funds are made to appear legitimate. It is not limited to cash transactions but also includes all monetary instruments and wire transfers.

In addition, the United States and many other countries have adopted laws and regulations to combat global terrorism and target countries and organizations that support or sponsor terrorism or terrorist activities. To that end, they have issued lists of individuals and organizations that may be linked to terrorist activities and require businesses to take measures to ensure that they do not assist the financing of terrorist activities by dealing with these individuals or organizations.

Therefore, all persons and entities acting for or on behalf of Kylemagnetics must comply with all applicable anti-money laundering and anti-terrorism requirements and must report suspected violations and other questionable conduct to the Compliance Officer.

A. No one who acts directly or indirectly for or on behalf of Kylemagnetics shall knowingly:

1. Engage in any financial transaction involving property, funds or monetary instruments which, directly or indirectly, promotes or results from criminal activity punishable under the laws of any country.

2. Receive, transfer, transport, retain, use, structure (including currency,

monetary instruments or wire transfer), divert, or hide the proceeds of any criminal activity whatsoever (including fraud and bribery of any government official), or aid, abet or assist another in any such action.

3. Engage or become involved in, finance or support financially, or otherwise sponsor, facilitate, or assist or support any terrorist person, activity or organization.

4. Aid, abet or otherwise become involved in any arrangement that would result in a violation of this Code by any person.

5. Make, receive or otherwise engage in any transaction referenced herein.

6. Engage in any transaction or otherwise conduct business with a Designated Party.

A Designated Party includes any person, entity or country

1. designated in published lists issued by the United States government or the United Nations, including as a foreign terrorist organization, or an organization that assists or provides support to a foreign terrorist organization; or

2. reported in publicly available sources to have been convicted, found guilty, or against whom a judgment or order was entered in any proceedings for violating money laundering, anti-corruption or bribery, or international economic or anti-terrorism sanction laws, or whose assets were seized, blocked, frozen or ordered forfeited for violation of money laundering or international anti-terrorism laws.

B. No one who acts directly or indirectly for or on behalf of Kylemagnetics shall knowingly:

1. Engage in any financial transaction that may be considered structuring or assisting in structuring.
2. Assist another person in structuring or attempting to structure a transaction with one or more financial institutions.
3. Allow directors, officers, employees, agents or business partners to whom a payment over \$10,000 is due and owing, to receive that payment in smaller incremental amounts, which when aggregated would total over \$10,000, knowing that the payments will be deposited or transferred, directly or indirectly, into or through a financial institution.
4. Cause, attempt to cause, or assist another person in causing or attempting to cause a domestic financial institution to fail to file a currency transaction report (“CTR”) or any other report required under the law.
5. Cause or attempt to cause a domestic financial institution to file a CTR or any other report required under the law that contains a material omission or misstatement of fact.

Structuring occurs when a person acting alone, in conjunction with others, or on behalf of others, conducts or attempts to conduct one or more transactions in currency, in any amount, at one or more financial institutions, on one or more days, for the purpose of evading the reporting requirements of 31 C.F.R. 103.22 (requiring Currency Transaction Reports). Domestic financial institutions are required to file reports providing certain identifying information when

transactions in currency of over \$10,000 occur.

IV. Antitrust and Unfair Competition

In the United States and many other countries, Kylemagnetics is subject to laws that are designed to prevent unfair competition in business dealings and to protect consumers from unfair business arrangements and practices. U.S. antitrust laws prohibit unreasonable restraints of trade, such as agreements among competitors and acts of illegal monopolization. Aside from creating criminal penalties for violations of these laws, private parties who suffer antitrust injury are entitled to bring their own suits for treble damages and injunctive relief. Other jurisdictions, particularly in Europe, also aggressively enforce their antitrust and competition laws and often coordinate their efforts with U.S. antitrust enforcement agencies. Prohibited agreements include price fixing, bid-rigging (or collusive tendering), customer and market allocation, and discussing competitively-sensitive topics such as pricing with competitors. All Kylemagnetics directors, officers, employees, agents and representatives are expected to comply with these laws and regulations.

Many situations create the potential for unlawful anticompetitive conduct and should be avoided. These include, among others:

- Proposals from competitors to share price or other competitive marketing information or to allocate markets or customers.
- Attempts by customers or potential customers to preclude Kylemagnetics from conducting

business, or contracting with another customer.

- Discussions with competitors and others in the same business or trade of pricing information and policies, or costs and marketing strategies.

If a competitor, business partner, customer or agent attempts or seeks to discuss any such matter or subjects with anyone acting for or on behalf of Kylemagnetics that raise concerns about

anticompetitive or antitrust conduct, Kylemagnetics employees or representatives should refuse

to do so, terminate the discussion, if necessary leave the meeting, and promptly report the matter to the Compliance Officer or General Counsel.

V. Compliance with Economic Sanctions Laws and Regulations

The United States, the United Nations and certain countries in which Kylemagnetics conducts

business have imposed economic and trade sanctions against selected countries to further foreign policy, national security and other objectives. Some of these sanctions have been imposed unilaterally, while others have been imposed multinationally.

All directors, officers and employees of Kylemagnetics shall comply strictly with all applicable

United States economic sanctions laws, including the Trading with the Enemy Act and the International Emergency Economic Powers Act, and all regulations promulgated by the Office of Foreign Assets Control of the Department of the Treasury, as well as

economic sanctions imposed by the United Nations, and all applicable economic sanctions laws and policies of the foreign countries in which Kylemagnetics conducts business.

In the event of a conflict between United States law and foreign law, United States law shall apply.

VI. Compliance with Anti-Boycott Laws and Regulations

It is the policy of Kylemagnetics to comply with the anti-boycott laws and regulations of the United States. These laws prohibit “U.S. Persons” from participating in or cooperating with foreign boycotts.

The anti-boycott laws prohibit “U.S. Persons,” namely U.S. citizens, residents and companies, including their non-U.S. subsidiaries, joint ventures, and affiliates, from:

- A. Refusing or agreeing to refuse to conduct business with a country, entity or individual on a non-U.S. boycott list.
- B. Refusing, requiring, or agreeing to refuse, or requiring any other person or party to refuse, to employ, conduct business or to otherwise discriminate on the basis of race, religion, sex, nationality or national origin.
- C. Furnishing or agreeing to furnish information to third parties with respect to the race, religion, sex or national origin of a U.S. Person.
- D. Paying, honoring, confirming, or otherwise implementing a letter of credit with respect to a transaction involving any of the foregoing, or agreeing to do so.

The anti-boycott laws and regulations impose reporting obligations on Kylemagnetics.

Accordingly, all directors, officers and employees of Kylemagnetics, as well as all persons

and entities acting for or on behalf of Kylemagnetics, must immediately report all requests to participate in or cooperate with foreign boycotts to the Compliance Officer.

VII. Compliance with Export Control Laws and Regulations

The United States and all countries in which Kylemagnetics conducts business have imposed export control laws and regulations to further national security, foreign policy, short supply and non-proliferation objectives.

A. All directors, officers, employees, and any third party acting on behalf, of Kylemagnetics shall comply strictly with

1. all applicable United States export control laws and regulations including,

the Export Administration Act and the Export Administration Regulations

promulgated by the Department of Commerce and the Arms Export

Control Act and the International Traffic in Arms Regulations

promulgated by the Department of State; and

2. all applicable export control laws and regulations of the foreign countries

in which Kylemagnetics conducts business.

B. In the event of a conflict between United States law and foreign law, United States law shall apply.

C. No business will be transacted, nor item exported in contravention of the foregoing.

VIII. Conflict of Interest

Kylemagnetics is entitled to, and expects, the undivided loyalty of all persons whom it

employs

or who act for or on its behalf. Accordingly, Kylemagnetics shall not tolerate either actual or apparent conflicts of interest on the part of its directors, officers and employees or any third party whom it employs.

A. Kylemagnetics personnel shall immediately disclose to a supervisor any actual or potential conflict of interest, for example, involving:

1. Investment in, or having any financial involvement with, any customer, contractor, supplier or competitor of Kylemagnetics, unless such customer, supplier or competitor is a publicly traded company and the Kylemagnetics employee's shareholding is less than 2% of the outstanding shares.
2. Employment, including acting as a contractor or consultant, by another entity, such as a customer, contractor, supplier or competitor of Kylemagnetics.
3. Receipt of fees, commissions or any other compensation from a customer, contractor, supplier or competitor of Kylemagnetics.
4. Participation in any activity that may give the appearance of unapproved disclosures of Kylemagnetics confidential or proprietary information.
5. Direct dealings with an entity such as a customer, contractor, supplier, or competitor of Kylemagnetics that employs a family member.
6. Usurpation of a Kylemagnetics corporate opportunity for personal gain.

B. All directors, officers, employees, and all personnel involved in contracting, subcontracting, and purchasing shall disclose annually to the Compliance Officer any financial interest of more than a minimal nature (or in the case of a publicly

traded entity, shareholdings of more than 2% of the outstanding shares), either held in their own name or that of a family member, in any entity doing business with Kylemagnetics or any of its subsidiaries, affiliates and joint ventures.

IX. Confidential and Proprietary Information

A. No one acting for or on behalf of Kylemagnetics shall disclose or misuse confidential proprietary information of Kylemagnetics. No one may disclose such information to third parties unless specifically authorized to do so in advance, in writing, by the General Counsel or by Company policy.

B. No one acting for or on behalf of Kylemagnetics shall solicit the confidential proprietary information of another entity, including the use of illegal or unethical means such as misrepresentation, deception, espionage, bribery, or Prohibited Payments, or make use of the confidential proprietary information of another entity in conducting Kylemagnetics business.

C. In the event that anyone acting for or on behalf of Kylemagnetics comes into contact with the confidential or proprietary information of another individual or entity, the person having contact with the information must contact the General Counsel immediately.

X. Political and Charitable Contributions

U.S. federal law and the laws of a number of states either prohibit or place important restrictions on a corporation making political contributions. The laws of many other

countries differ on the subject. These laws cover monetary and other types of contributions, including “in-kind” contributions, such as the use of facilities for a fundraiser, purchase of tickets for receptions or dinners, advertisements in journals or payment for services, as well as gifts to officials. Accordingly, any proposed U.S. political contribution or expense incurred by, or on behalf of, or which may appear to be made in the name of, Kylemagnetics must be approved in advance by the General Counsel.

A. All political and charitable contributions must comply with all applicable laws and regulations. Such contributions made on behalf of Kylemagnetics must be authorized in writing, in advance, by the General Counsel.

B. Kylemagnetics employees, acting solely for themselves and with their own assets, may make any political or charitable contribution they desire. However, employees may not use Kylemagnetics funds, time, equipment, supplies or facilities for such purposes.

XI. Hospitality, Gifts and Entertainment

A. Providing Hospitality or Entertainment or Giving Gifts

Government Officials

Many countries and many states in the United States and agencies of the U.S. government have laws, regulations or policies that prohibit or restrict the hospitality and entertainment (including meals, entertainment, transportation, lodging or other things of value) that may be provided or gifts that may be given,

whether directly or indirectly, through agents and consultants, to government officials.

No hospitality, entertainment or gifts may be provided to any government official, or to an immediate family member or close business associate of such official, regardless of value, unless otherwise permitted by the Kylemagnetics Anti-Corruption Compliance Program.

Under no circumstances may anything of value be offered or provided to a government official for the purpose of influencing the recipient to take or refrain from taking any official action, to induce the recipient to give business to or assist in obtaining for Kylemagnetics, or to secure an improper advantage for, Kylemagnetics.

Employees of Private Companies

Hospitality, entertainment or gifts may never be provided to employees of private companies in order to obtain proprietary information, improperly influence the decision of the recipient's employer, where expressly prohibited by the recipient's company, or if prohibited by Kylemagnetics's Anti-corruption Compliance Program.

Expenses that could be construed as commercial bribery are prohibited notwithstanding the fact that they may be customary in certain countries.

B. Accepting or Offering Hospitality, Entertainment or Gifts

In general, officers and employees or their immediate family members of Kylemagnetics may not accept or offer hospitality, entertainment or gifts or anything of value (including loans or preferential treatment) from current or prospective Kylemagnetics business partners, customers or suppliers under circumstances in which it could

even appear to others that their business judgment has been compromised.

Similarly, officers and employees may not accept or allow an immediate family member to accept such hospitality, entertainment or gifts in exchange for a past, current or future business relationship with Kylemagnetics.

Hospitality, entertainment or gifts may be accepted or offered when permitted under applicable law if (1) they are customary and reasonable meals and entertainment related to the business of Kylemagnetics at which the giver is present, such as the occasional business meal or sporting event (not to exceed US\$200 per person); (2) they are noncash gifts of \$100 or less; or (3) the giver is a friend or family member and there is a non-business purpose for the hospitality, entertainment or gift.

Anyone with a question about the appropriateness of accepting such hospitality, entertainment or gift should discuss the matter with the Compliance Officer or General Counsel prior to acceptance. Hospitality, entertainment and gifts in excess of the amounts set out above shall require the written approval of the General Counsel.

XII. Books and Records

Everyone at Kylemagnetics is responsible for the integrity of the information, reports and records under their control. Accordingly, all Kylemagnetics directors, officers and employees, must ensure that:

A. Kylemagnetics maintain complete books, records and accounts that conform to professional standards of accounting and that, in reasonable detail, accurately and fairly reflect all transactions, including all expenditures, invoices, expense reports, receipts, disbursements, vouchers, and other disposition of assets.

B. All financial books, records and accounts are sufficiently detailed to:

1. Permit the proper classification of transactions for financial reporting; and
2. Provide reasonable assurances that transactions are recorded as necessary to permit the preparation of financial statements in conformity with generally accepted accounting principles.
3. All transactions must be recorded contemporaneously, in the accounting period in which they are executed.

XIII. Obligation to Report Violations

A. It is the duty and obligation of all Kylemagnetics directors, officers and employees to promptly report any actual or suspected violation of this Code.

B. Kylemagnetics officers and employees who fail to report any actual or suspected violations of this Code may be subject to disciplinary action including termination from employment.

C. Retaliation against a person making a report of illegal, improper, or unethical conduct will not be tolerated. Any Kylemagnetics or employee who retaliates against a person making a report in good faith shall be subject to disciplinary measures including termination from employment.

D. It is the responsibility of all Kylemagnetics directors, officers, managers and employees to cooperate fully and truthfully with any inquiry conducted by or on behalf of Kylemagnetics. Failure to provide such cooperation may result in disciplinary action.

XIV. Disciplinary Action

Violation of this Code of Conduct may result in disciplinary action, including reprimand, suspension, demotion, reduction in pay or termination from employment.

Compliance with this Code of Conduct shall be an element considered for promotion and performance bonuses.

XV. Employment Practices

Kylemagnetics values a diverse work environment where employees' differences are respected.

Kylemagnetics also prohibits discrimination and harassment whether based on a person's race, gender, color, creed, religion, national origin or age.

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