

## **TERRAVIA HOLDINGS, INC.**

A Delaware corporation

(the “**Company**”)

### **Code of Business Conduct and Ethics**

Adopted April 28, 2011

This Code of Business Conduct and Ethics (“**Code**”) has been adopted by our Board of Directors and summarizes the standards that must guide our actions. One of our Company’s most valuable assets is our reputation for integrity, professionalism and fairness. We should all recognize that our actions are the foundation of our reputation and adhering to this Code and applicable law is imperative.

While covering a wide range of business practices and procedures, the Code does not address every issue that may arise, or every situation where ethical decisions must be made, but rather sets forth key guiding principles that represent Company policies and establish conditions for employment at the Company. You should not hesitate to ask questions about the standards and guidelines set forth in this Code and to seek clarification in any matter where the conduct could violate the Code. We will adopt additional policies with which our employees, officers and directors are expected to comply, if applicable to them. Nothing in this Code alters the Company’s at-will employment policy.

All of our employees, officers and directors must conduct themselves according to the language and spirit of this Code and seek to avoid even the appearance of improper behavior. We must strive to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of the Company’s business activities including relationships with employees, customers, suppliers, competitors, the government and the public, including our stockholders. Even well-intentioned actions that violate the law or this Code may result in negative consequences for the Company and for the individuals involved. Any employee who violates this Code may be subject to disciplinary action, which depending on the violation, may range from a warning or reprimand to termination of employment.

#### **1. Legal Compliance**

We are strongly committed to conducting our business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations. No employee, officer or director of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason.

If you believe that any practice raises questions as to compliance with this Code or applicable law, rule or regulation or if you otherwise have questions regarding any law, rule or regulation, please contact the Legal Department. The Company also holds information and training sessions to promote compliance with the laws, rules and regulations that affect our business.

## **2. International Business Laws**

Our employees are expected to comply with the applicable laws in all countries to which they travel, in which they operate and where we otherwise do business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries.

We also expect employees to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the U.S. The Foreign Corrupt Practices Act prohibits directly or indirectly giving anything of value to a government official to obtain or retain business or favorable treatment, and requires the maintenance of accurate books of account, with all Company transactions being properly recorded. U.S. export laws and regulations, including Export Administration Regulation and International Traffic in Arms Regulations require U.S. Governmental approvals for international transfers of certain technical data, equipment or technology. Transfers of such technical data, equipment or technology to “non-U.S. persons” as defined in these regulations may have severe consequences for the Company and the individuals involved. U.S. Embargoes prohibit companies, their subsidiaries and their employees from doing business with certain other countries identified on a list that changes periodically or specific companies or individuals. Anti-Boycott Compliance prohibits U.S. companies from taking any action that has the effect of furthering or supporting a restrictive trade practice or boycott that is fostered or imposed by a foreign country against a country friendly to the U.S. or against any U.S. person.

You should consult with the Legal Department and other functions in the Company to insure compliance with these regulations. If you have a question as to whether an activity is restricted or prohibited, you should make every effort to seek assistance from the Legal Department before taking any action, including giving any verbal assurances that might be regulated by international laws.

## **3. Trading on Inside Information**

Using non-public Company information to trade in securities, or providing a family member, friend or any other person with a “tip” is illegal and unethical. All such non-public information should be considered confidential or inside information and should never be used for personal gain. You are required to familiarize yourself and comply with the Company’s Insider Trading Policy, copies of which have been distributed to all employees, officers and directors and are available from the Legal Department. You should contact the Legal Department with any questions about your ability to buy or sell securities.

## **4. Protection of Confidential Proprietary Information**

Confidential proprietary information generated and gathered in our business is a valuable Company asset. Protecting this information plays a vital role in our continued growth and ability to compete, and all proprietary information should be maintained in strict confidence, except when disclosure is authorized by the Company or required by law.

Confidential proprietary information includes all non-public information that might be useful to competitors or that could be harmful to the Company, its customers or its suppliers if

disclosed. Intellectual property, such as trade secrets, patents, trademarks and copyrights, as well as business, research and new product plans, objectives and strategies, records, databases, salary and benefits data, employee medical information, customer, employee and suppliers lists and any unpublished financial or pricing information must also be protected.

Unauthorized use or distribution of confidential proprietary information violates Company policy and could be illegal. Such use or distribution could result in negative consequences for both the Company and the individuals involved, including potential legal and disciplinary actions. We respect the property rights of other companies and their proprietary information and require our employees, officers and directors to observe such rights.

Your obligation to protect the Company's proprietary and confidential information continues even after you leave the Company, and you must return all proprietary information in your possession upon leaving the Company.

## **5. Conflicts of Interest**

Our employees, officers and directors have an obligation to act in the best interest of the Company. All employees, officers and directors should endeavor to avoid situations that present a potential or actual conflict between their interest and the interest of the Company. Company personnel should not take any actions in regard to current or former U.S. Government employees regarding possible employment or consulting opportunities with the Company that are not in accordance with applicable federal conflict of interest laws and regulations. These same individuals, if employed or retained by the Company, may also be prohibited from tasks or duties that related to their prior responsibilities when they were employed by the U.S. Government. Under such circumstances you should consult with the Legal Department to ensure compliance with federal conflict of interest laws and regulations.

A "conflict of interest" also occurs when a person's private interest interferes in any way, or even appears to interfere, with the interest of the Company, including its subsidiaries and affiliates. A conflict of interest can arise when an employee, officer or director takes an action or has an interest that may make it difficult for him or her to perform his or her work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director (or his or her family members) receives improper personal benefits as a result of the employee's, officer's or director's position in the Company.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following situations may constitute conflicts of interest:

- Working, in any capacity, for a competitor, customer or supplier while employed by the Company.
- Accepting gifts of more than modest value or receiving personal discounts or other benefits as a result of your position in the Company from a competitor, customer or supplier.
- Competing with the Company for the purchase or sale of property, services or other interests.

- Having an interest in a transaction involving the Company, a customer or supplier (other than as an employee, officer or director of the Company and not including routine investments in publicly traded companies).
- Receiving a loan or guarantee of an obligation as a result of your position with the Company.
- Directing business to a supplier owned or managed by, or which employs, a relative or friend.

Situations involving a conflict of interest may not always be obvious or easy to resolve. You should report actions that may involve a conflict of interest to the Legal Department.

To avoid conflicts of interests, officers who are members of the executive management team must disclose to the General Counsel any material transaction or relationship that reasonably could be expected to give rise to such a conflict, and the General Counsel shall notify the Chief Executive Officer and the Nominating and Corporate Governance Committee of any such disclosure. Conflicts of interests involving the General Counsel, Chief Executive Officer and directors shall be disclosed to the Nominating and Corporate Governance Committee.

## **6. Protection and Proper Use of Company Assets**

Protecting Company assets against loss, theft or other misuse is the responsibility of every employee, officer and director. Loss, theft and misuse of Company assets directly impact our profitability. Any suspected loss, misuse or theft should be reported to the Legal Department.

The sole purpose of the Company's equipment, vehicles and supplies is the conduct of our business. They may only be used consistent with Company guidelines.

## **7. Corporate Opportunities**

Employees, officers and directors are prohibited from taking for themselves business opportunities that arise through the use of corporate property, information or position. No employee, officer or director may use corporate property, information or position for personal gain, and no employee, officer or director may compete with the Company. Competing with the Company may involve engaging in the same line of business as the Company, or any situation where the employee, officer or director takes away from the Company opportunities for sales or purchases of products, services or interests.

## **8. Fair Dealing and Gift Giving**

Each employee, officer and director of the Company should endeavor to deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No bribes, kickbacks or other similar payments in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favorable action. The Company and the employee, officer or director

involved may be subject to disciplinary action as well as potential civil or criminal liability for violation of this policy.

Employees involved in purchasing goods and services for the Company should not accept gifts from suppliers of more than a nominal value (less than \$20) such as promotional items, in order to avoid the appearance of favoritism.

Company policy allows for accepting meals or entertainment so long as they are not lavish or extravagant and are infrequent and in furtherance of Company business interests (e.g. new partnership relationships). Occasional business gifts to and entertainment in connection with business discussions or the development of business relationships are generally deemed appropriate in the conduct of Company business. Gifts or entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted.

Employees of the U.S Government and other foreign governments are subject to rules and regulations that prohibit them from accepting any items of value. Company personnel shall comply with applicable law in regard to the provision of any items, gifts or business entertainment to government employees. We also comply with the U.S. Anti-Kickback Act, which also prohibits giving anything of value to an employee of a prime U.S. Government contractor or to subcontractors in order to obtain favorable treatment.

The Foreign Corrupt Practices Act (the “FCPA”) referenced in Section 2 also prohibits giving anything of value directly or indirectly to any “foreign official” for the purpose of obtaining or retaining business. When in doubt as to whether a contemplated payment or gift may violate the FCPA, or any other applicable law, contact the Legal Department before taking any action.

## **9. Quality of Public Disclosures**

The Company has a responsibility to provide full and accurate information in our financial reporting and public disclosures, in all material respects, including regarding the Company’s financial condition and results of operations. Our reports and documents filed with or submitted to the Securities and Exchange Commission and our other public communications shall include full, fair, accurate, timely and understandable disclosure, and the Company has established a Disclosure Committee consisting of senior management to assist in monitoring such disclosures.

## **10. Scientific Integrity**

The integrity of our scientific notebooks, reports, articles, posters, presentations and other records of our research and development efforts also depend on the validity, accuracy and completeness of the information supporting the entries in our notebooks, summaries, supporting documentation and reports. Therefore, our scientific records must be completed accurately and honestly. The making of false or misleading entries, whether they relate to experimental data, or interpretations thereof, is strictly prohibited. Our records serve as a basis for managing our business and are important in meeting our obligations to partners, customers, regulators and others with whom we do business. As a result, it is important that our books, records and reports accurately and fairly reflect, in reasonable detail, our research and development endeavors.

## **11. Accurate Record Keeping and Document Retention**

Each employee is responsible for ensuring that labor, travel, material and all other expenses are truthfully recorded. You should contact your supervisor and the Finance Department if you have any questions or concerns about proper charging of labor and other costs.

Records should be retained or destroyed by employees solely in accordance with the Company's Records Management Policy, and Record Hold and Litigation Readiness Policy. In the event of litigation or governmental investigation, the General Counsel must be consulted regarding record retention issues and obligations.

## **12. Compliance with This Code and Reporting of Any Illegal or Unethical Behavior**

All employees, directors and officers are expected to comply with all of the provisions of this Code. The Code will be strictly enforced throughout the Company and violations will be dealt with immediately, including subjecting persons to corrective and/or disciplinary action such as dismissal or removal from office. Violations of the Code that involve illegal behavior will be reported to the appropriate authorities.

Situations that may involve a violation of ethics, laws or this Code may not always be clear and may require difficult judgment. Employees should report any concerns or questions about violations of laws, rules, regulations or this Code to the Legal Department or, in the case of accounting, internal accounting controls or auditing matters, to the Audit Committee of the Board of Directors.

Any concerns about violations of laws, rules, regulations or this Code by the CEO or any senior executive officer or director should be reported promptly to the General Counsel, and the General Counsel shall notify the Chief Executive Officer and the Nominating and Corporate Governance Committee of any violation. Any such concerns involving the General Counsel, Chief Executive Officer or directors should be reported to the Nominating and Corporate Governance Committee. 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.

The Company encourages all employees, officers and directors to report any suspected violations promptly and intends to thoroughly investigate any good faith reports of violations. The Company 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.

The Company recognizes the need for this Code to be applied equally to everyone it covers. The Company's General Counsel will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Chief Executive Officer and the Nominating and Corporate Governance Committee, or, in the case of accounting, internal accounting controls or auditing matters, the Audit Committee of the Board of Directors, and the Company will devote the necessary resources to enable the General Counsel to establish such

procedures as may be reasonably necessary to create a culture of accountability and facilitate compliance with the Code. Questions concerning this Code should be directed to the Legal Department.

### **13. Waivers and Amendments**

Any waivers of the provisions in this Code for executive officers or directors may only be granted by the Board of Directors and will be promptly disclosed to the Company's stockholders. Any waivers of this Code for other employees may only be granted by the General Counsel. Amendments to this Code must be approved by the Nominating and Corporate Governance Committee Board of Directors and amendments of the provisions in this Code applicable to the CEO and the senior financial officers will also be promptly disclosed to the Company's shareholders.

### **14. Equal Opportunity, Non-Discrimination and Fair Employment**

The Company's policies for recruitment, advancement and retention of employees forbid discrimination on the basis of any criteria prohibited by law, including but not limited to race, sex and age. Our policies are designed to ensure that employees are treated, and treat each other, fairly and with respect and dignity. In keeping with this objective, conduct involving discrimination or harassment of others will not be tolerated. All employees are required to comply with the Company's policy on equal opportunity, non-discrimination and fair employment, copies of which are available on the employee website, [hrpassport.com](http://hrpassport.com) and are also available from the Human Resource Department and the Legal Department.

### **15. Compliance with Antitrust Laws**

Antitrust laws are designed to protect the competitive process. These laws are based on the premise that the public interest is best served by vigorous competition and will suffer from illegal agreements or collusion among competitors. Antitrust laws generally prohibit: (i) agreements, formal or informal, with competitors that harm competition or customers, including price fixing and allocations of customers, territories or contracts; (ii) agreements, formal or informal, that establish or fix the price at which a customer may resell a product; and (iii) the acquisition or maintenance of a monopoly or attempted monopoly through anti-competitive conduct.

Certain kinds of information, such as pricing, production and inventory, should not be exchanged with competitors, regardless of how innocent or casual the exchange may be and regardless of the setting, whether business or social.

Antitrust laws impose severe penalties for certain types of violations, including criminal penalties and potential fines and damages of millions of dollars, which may be tripled under certain circumstances. Understanding the requirements of antitrust and unfair competition laws of the various jurisdictions where we do business can be difficult, and you are urged to seek assistance from the Legal Department whenever you have a question relating to these laws.

## **16. Political Contributions and Activities**

Any political contributions made by or on behalf of the Company and any solicitations for political contributions of any kind must be lawful and in compliance with Company policies. This policy applies solely to the use of Company assets and is not intended to discourage or prevent individual employees, officers or directors from making political contributions or engaging in political activities on their own behalf. No one may be reimbursed directly or indirectly by the Company for personal political contributions.

## **17. Environment, Health and Safety**

The Company is committed to conducting its business in compliance with all applicable environmental and workplace health and safety laws and regulations. It is the Company's policy to provide a safe and healthy work environment for our employees and to comply with all applicable federal, state and local environmental health and safety requirements. We strive also to avoid adverse impact and injury to the environment and communities in which we conduct our business. Achieving this goal is the responsibility of all officers, directors and employees.

The Company will not retaliate or discriminate against any employee with respect to the good faith reporting of concerns raised.

The Audit Committee or the Board of Directors may revise or amend this policy as necessary or appropriate.