



EnSync, Inc. Code of Ethics and Conduct

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Code of Ethics & Conduct

INTRODUCTION

The purpose of this Code of Ethics (this “Code”) is to deter wrongdoing and promote honest and ethical conduct. This Code helps maintain the standards of business conduct and ensures compliance with legal requirements, specifically Section 406 of the Sarbanes-Oxley Act of 2002, and the SEC rules promulgated there under. The matters covered in this Code are of the utmost importance to EnSync, Inc.(the “Company”), the Company’s shareholders and the Company’s business partners. The Company believes that it is essential that it conduct its business ethically and in accordance with its business values. This Code is applicable to all employees, officers and directors of the Company and its subsidiaries and affiliated companies (each a “Covered Person” and collectively “Covered Persons”).

All Covered Persons are expected to read, understand and comply with this Code and comply with all laws, rules and regulations (“Applicable Laws”), including all federal securities laws, rules and regulations (“Securities Laws”), and any other policies or procedures the Company may adopt from time to time that govern the conduct of Covered Persons.

Nothing in this Code or in any other related communications, whether oral or written, creates or implies an employment contract or a term of employment for any Covered Person.

Each Covered Person is required at the time of employment or appointment to sign the acknowledgment form at the end of this Code and return the form to the Human Resources Department indicating such Covered Person has received, read and understood this Code and agrees to comply with this Code. The signed acknowledgment form will be located in each Covered Person’s personnel files.

If any Covered Person has questions about the provisions of this Code, or about how such Covered Person should or should not act in a particular situation, such Covered Person should consult his or her supervisor or department head, the Company’s Compliance Officer or the Company’s outside legal counsel, whose contact information is set forth below under “Reporting and Enforcement Mechanisms.”

HONEST AND ETHICAL CONDUCT

The Company expects each Covered Person to act in accordance with the highest standards of professional integrity, honesty and ethical conduct, while working on the Company’s premises, at other locations where the Company’s business is being conducted, at Company-sponsored business and social events, or at any other place where such Covered Person is or appears to be representing the Company.

CONFLICTS OF INTEREST AND CORPORATE OPPORTUNITIES

Each Covered Person must ensure that any financial, business, or other activities in which he or she is involved outside of the workplace are free of conflicts with his or her responsibilities to the Company. A “conflict of interest” may occur when a Covered Person’s private interest in any way interferes – or even appears to interfere – with the interests of the Company. A conflict situation can arise when a Covered Person has interests that may impair the objective performance of his or her duties to the Company. Conflicts of interest may also

arise when a Covered Person (or his or her family member) receives improper personal benefits as a result of his or her position in the Company.

Each Covered Person must disclose any matter that he or she believes might raise doubt regarding his or her ability to act objectively and in the Company's best interest. The following is a non-exhaustive list of examples of situations involving potential conflicts of interest that should be disclosed:

- any loan to any employee, officer, or director by the Company or any guaranty by the Company of any personal obligation of any employee, officer, or director;
- employment by or acting independently as a consultant to any competitor, customer, or supplier of the Company;
- directing the Company's business to any entity in which an employee or close family member has a substantial interest;
- owning, or owning a substantial interest in, any competitor, customer, or supplier of the Company;
- using the assets, intellectual property, or other resources of the Company for personal gain; and
- accepting anything of more than nominal value – such as gifts, discounts, or compensation – from an individual or entity that does or seeks to do business with the Company, other than routine entertainment and meals that are business related.

Directors and officers shall disclose any actual or apparent conflict situation to the Company's Compliance Officer and to the Audit Committee. Covered Persons who are not directors or officers shall disclose all such situations of which they are aware to (a) an appropriate supervisor or department head or (b) the Company's Compliance Officer. All supervisors and department heads who receive such reports must forward them promptly to the Company's Compliance Officer.

Each Covered Person owes a duty to the Company to advance its legitimate interests. Thus, no Covered Person may: (i) take for himself or herself corporate opportunities that are discovered through the use of the Company's property, information or position, without first offering such opportunities to the Company; (ii) use corporate property, information, or position for personal gain; or (iii) compete with the Company. Directors and officers of the Company must adhere to their fundamental duties of good faith, due care, and loyalty owed to all shareholders, and to act at all times with the Company's and its shareholders' best interests in mind. Any business arrangements or transactions with the Company in which any directors or officers of the Company have a direct or indirect material financial interest must be approved in accordance with the Company's Policy and Procedures with Respect to Related Person Transactions.

CONFIDENTIALITY

Each Covered Person must maintain the confidentiality of sensitive business, technical, or other information entrusted to him or her by the Company, its customers or business

partners, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors or harmful to the Company, its customers or business partners if disclosed. This obligation is in addition to the requirements of any confidentiality agreement that such Covered Person may have entered into with the Company.

FAIR DEALING

Each Covered Person must act fairly, honestly, and in good faith in any dealings on behalf of the Company with any of the Company's customers, suppliers, competitors, employees, and all others. No Covered Person may take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other practice of unfair dealing.

COMPLIANCE WITH GOVERNMENTAL LAWS, RULES AND REGULATIONS

Each Covered Person must comply with all Applicable Laws, including all Securities Laws. Each Covered Person is responsible for acquiring knowledge of the legal requirements relating to their duties sufficient to enable him or her to recognize potential dangers, and to know when to seek advice from the Audit Committee or from more senior officers or employees of the Company. Questions or concerns about compliance issues should be raised by any of the means indicated under "Reporting and Enforcement Mechanisms" below.

Compliance with Antitrust and Competition Laws

The Company supports the principles and philosophy embodied in antitrust and competition laws in any location where the Company does business. It is the Company's policy to comply with the laws that apply to its operations in the United States and throughout the world. This brief commentary is not intended to provide employees with all answers to antitrust problems. Rather, it is designed to help employees recognize situations that have antitrust implications so that they will know when to seek advice.

Described in general terms, antitrust and competition laws are designed to prevent unfair, restrictive, or collusive practices and, thus, to promote healthy competition in open markets within the free enterprise system and enhance the benefits of product innovation. Antitrust and competition laws of the United States, the European Union, and other countries abroad reflect these policies. Because the antitrust and competition laws are very technical and vary from country to country, it is essential that employees obtain legal advice before considering any activities of the type described in the following paragraphs. In many countries, agreements with competitors to fix prices, to make collusive bids, to allocate markets or customers, or to refuse to do business violate the law. In addition, certain cooperative activities in the area of pricing, such as the exchange of current or future price information or marketing plans with competitors, should be avoided.

The following practices are prohibited:

1. Any understanding, plan, or agreement with a competitor regarding:
 - prices
 - price changes
 - bids

- discounts
 - promotions
 - rebates
 - terms and conditions of sales
 - profits
 - any other matter relating to or affecting price
2. Discussions with a competitor or exchanging information with a competitor about any of the previously listed matters.
 3. Discussions, plans, or agreements with competitors to allocate customers, divide territories, or control or limit production or research.
 4. Discussions, plans, or agreements with competitors to refrain from doing business with a particular company or to limit doing business with a particular company.

Joint activity or joint projects with competitors or others should be closely monitored, with the advice of the Company's legal counsel, to ensure the legality of the operation. Review by the Company's legal counsel must be obtained before undertaking any such project, and also as it develops.

Covered Persons are permitted to attend trade association meetings. These include associations of customers as well as trade associations of the industries in which the Company is involved. However, trade association meetings are a favorite area of examination by antitrust enforcement officials. It is important that Covered Persons be particularly careful to conduct themselves in a manner that is above suspicion when attending these meetings. The following rules should be followed:

1. Attend only meetings of legitimate trade and professional associations held for proper business, scientific, or professional purposes.
2. Apart from purely social affairs, never attend informal gatherings of representatives of competitors before, during, or after the formal business sessions of a trade association meeting. Such informal meetings are always suspect.
3. Take no part in, or even listen to, any discussions of price, terms of sales, boycotts, or blacklists at an association meeting. However, discussions of general economic trends and government restrictions and programs may be proper. If the discussion at an association meeting turns to the subject of competitors' pricing or other prohibited topics, leave the room and notify the Company's Compliance Officer immediately.
4. If the agenda of an upcoming association meeting indicates questionable subjects, check in advance with the Company's Compliance Officer before attending.
5. Advise the Company's Compliance Officer promptly of any activity of an association that may appear to be illegal or even suspicious.

Dealing with Government Employees

Employees of the Company will respect the laws and regulations that affect government employees in any dealings with them. In dealing with U.S. government employees or U.S. state

government employees, this means not providing or offering to provide anything of value—even normal business courtesies such as paying for lunch. Employees will always be honest when dealing with government employees. This means not guessing or speculating if asked a question. No employee will make any false certification to a government employee. The Company's Compliance Officer will be consulted prior to offering employment to anyone who is a government employee.

Payments to Government Officials

No payment shall be made by the Company or by any subsidiary to any government official for the purpose of influencing any of the official's acts or decisions, or inducing the official to use personal influence to affect any governmental act or decision. In this context, "payment" means a transfer of money, a gift, or an offer or promise to give anything of value, whether made directly or indirectly, through trade associations, agents, consultants, or others. The term "government official" includes an officer or employee or any person acting for or on behalf of a government or a government unit.

U.S. Foreign Corrupt Practices Act

Many countries have laws that prohibit the payment of bribes to government officials. The U.S. Foreign Corrupt Practices Act (the "FCPA") also prohibits the Company and its subsidiaries from making payments to officials of governments outside the U.S. for the purpose of obtaining favorable government action or keeping government business. Specifically, the FCPA prohibits the Company and its subsidiaries from directly or indirectly offering, promising to pay, or paying money or anything of value to government officials for the purpose of:

- Influencing the acts or decisions of the official.
- Inducing the official to act or failing to act in violation of his or her duties.
- Inducing the official to use his or her influence to assist in obtaining or retaining business for or directing business to any person.

The FCPA also prohibits using intermediaries (for example, foreign affiliates, agents, and consultants) to channel payments to government officials for the same purposes. The FCPA applies to the Company, all of its subsidiaries, and all employees and agents of the Company and its subsidiaries, regardless of their residence or nationality.

Compliance with Securities Laws

The primary objective of the Securities Laws is to ensure that the public has accurate and complete information on which to base investment decisions. In furtherance of the commitment of the Company to furnish full, fair, accurate, timely and understandable disclosure in accordance with the Securities Laws, the Company has adopted Disclosure Controls and Procedures which incorporate the Company's policies and procedures concerning internal financial controls. All Covered Persons are required to strictly adhere to these policies and procedures. If you obtain information causing you to believe that the Company's books or records are not being maintained, or that its financial condition or results of operations are not being disclosed, in accordance with these controls and procedures, you must report the matter directly as required by the Company's Whistleblower Policy.

In order to comply with its public disclosure obligations, the Company limits to a select group of executives the responsibility of dealing with investors and securities analysts. Any inquiries from investors, potential investors or analysts should be promptly referred to the Company's Chief Financial Officer.

Each Covered Person has a responsibility to avoid the appearance that such Covered Person is engaged in speculative or inside trading with respect to the Company's securities. In connection with that obligation, each Covered Person is required to comply with the Company's Statement of Policy on Securities Trading (the "Securities Policy"), which governs transactions in the Company's securities. The Securities Policy is designed to promote compliance with the Securities Laws and applies to all of the Company's directors, officers, employees and consultants as well as any immediate family members sharing the same household of any of the foregoing and governs transactions involving the Company's securities. Any noncompliance by a Covered Person with the Securities Policy will be treated as a violation of this Code.

PROTECTION OF AND PROPER USE OF COMPANY PROPERTY

Each Covered Person has a responsibility to protect the Company's property and proprietary information (which includes but is not limited to customer information, agent information, unreleased product developments or technologies, trade secrets, financial information, operational databases, network security, computer equipment and furniture) from improper disclosure, theft or misuse. Each Covered Persons should use the Company's property only for the Company's legitimate business purposes and shall make every effort not to waste, abuse, or jeopardize the value of the Company's property. Without specific authorization from the Company's Compliance Officer no Covered Person may take, loan, sell, damage, dispose or make available Company property or proprietary information for any purpose other than the Company's legitimate business purposes. Unauthorized or improper disclosure, theft, or misuse of any of the Company's property can result in disciplinary measures, including termination.

DOCUMENT MAINTENANCE AND RETENTION

Each Covered Person should make every effort possible to maintain and retain preservation of financial records and related agreements for not less than seven years. Any retained financial information should be electronically archived and properly stored and labeled. Under no circumstances may the Company's financial records and related agreements be destroyed selectively.

Each Covered Person shall take proper care to properly dispose of the Company's information.

MEDIA RELATIONS AND SPEAKING PUBLICLY

Since the Company's reputation is one of its most important assets and because the need to provide honest and consistent responses to the media, all inquiries and contacts from the media should be directed to the Chief Executive Officer or the Chief Financial Officer. Covered Persons should refer members of the media to the Chief Executive Officer or the Chief Financial Officer and shall make no comments on behalf of the Company, whether officially or "off the record." All press releases concerning the Company are to be issued only with the approval of the Chief Executive Officer or the Chief Financial Officer.

No Covered Person may publish or post any material in written or electronic format (including articles, social media postings, blogs, videos or other media), give interviews or make public appearances that mention the Company's operations, customers, technologies, products or services without prior approval from such Covered Person's supervisor. Any Covered Person communicating in any public venue or forum without approval must not give the appearance of speaking or acting on the Company's behalf.

HEALTH AND SAFETY

The Company is committed to providing safe and healthful working conditions for its employees, contractors, and visitors. The Company will conduct all operations and activities in a manner that protects human health and the quality of life. The Company recognizes that the responsibilities for safe and healthful working conditions are shared in the following ways:

1. The Company will establish and implement health and safety programs and policies and provide the safeguards required to ensure safe and healthful conditions;
2. Supervisors and managers will create an environment where employees have genuine concern for safety and all operations are performed with the utmost regard for the safety and health of all personnel involved; and
3. All employees are expected to conduct their work in a safe manner and comply with all health and safety programs, policies, procedures, and laws.

Each Covered Person is required to comply with the Company's Concealed Weapons Policy.

REPORTING AND ENFORCEMENT MECHANISMS

Among the most important responsibilities of each Covered Person are the obligations to (a) comply with this Code and all Applicable Laws, including Securities Laws and (b) report any situation or conduct that he or she believes may constitute a possible violation of this Code or Applicable Laws.

If any Covered Person should learn of a potential or suspected violation of this Code, he or she has an obligation to report the relevant information to one of the persons listed below. Any Covered Person may address questions about ethics issues and raise any concerns about a possible violation of this Code or Applicable Laws to:

- a supervisor or department head;
- the Company's Compliance Officer;
- the Chairman of the Audit Committee; and/or
- the Company's legal counsel, who's contact information is as follows:

Mark. R. Busch
K&L Gates LLP
214 North Tryon Street, 47th Floor
Charlotte, NC 28202
Phone: (704) 331-7533
E-mail: mark.busch@klgates.com

Questions about ethics issues or concerns about possible violations of this Code or Applicable Laws may also be reported by (a) calling (888) 309-1548 or (b) via ensync.alertline.com.

Frequently, a supervisor or department head will be in the best position to resolve the issue quickly. However, any Covered Person may also raise any question or concern with any of the other persons listed above. He or she may do so orally or in writing and, if preferred, anonymously. Each Covered Person will be expected to cooperate in any internal or external investigations of possible violations of this Code or Applicable Laws.

If the issue or concern relates to the Company's financial statement disclosures, accounting practices, internal controls, or auditing matters or possible violations of the federal securities laws or the rules or regulations promulgated thereunder, a Covered Person is required to promptly report it pursuant to the procedures set forth in the Company's Whistleblower Policy. In accordance with the Company's Whistleblower Policy, such report may be anonymous.

VIOLATIONS OF THIS CODE

The Company is committed to taking prompt and consistent action in response to violations of this Code. Any Covered Person who violates this Code is subject to disciplinary action, including immediate termination of employment or service. The Company will promptly investigate internally reports of suspected violations. It will evaluate suspected violations on a case-by-case basis and apply an appropriate sanction, including, in its sole discretion reporting the violation to the appropriate authorities.

POLICY AGAINST RETALIATION

The Company will not tolerate retaliation in any form against any Covered Person who in good faith reports suspected violations of this Code, voices other ethical concerns, or who is involved on the Company's behalf in investigating or helping to resolve any such issue. The Company will not discharge, demote, suspend, threaten, harass, penalize, or in any other manner discriminate against any Covered person for providing information, causing information to be provided, or otherwise assisting in an investigation of any conduct that such Covered Person reasonably and in good faith believes constitutes a violation of this Code. Any acts of retaliation against a Covered Person for any such conduct will be treated as a serious violation of this Code and may result in discipline, including immediate termination by the Company and/or criminal or civil sanctions. If any Covered Person believes he or she has been subjected to such retaliation, he or she should report the situation as soon as possible to the Company's Compliance Officer or to the Company's legal counsel.

PENALTIES FOR VIOLATIONS OF THIS CODE

The Company is committed to taking prompt and consistent action in response to violations of this Code. Any Covered Person who violates this Code is subject to disciplinary action, including immediate termination. The Company will promptly investigate internally reports of suspected violations. The Company will evaluate suspected violations on a case-by-case basis and apply an appropriate sanction, including, in its sole discretion, reporting the violation to the authorities.

WAIVERS AND AMENDMENTS OF THIS CODE

Only the Company's Board of Directors may waive application of or amend any provision of this Code.

[The next page is the Acknowledgement.]

ACKNOWLEDGEMENT OF RECEIPT OF THIS CODE OF ETHICS

I have received and read a copy of EnSync Inc.'s (the "Company") Code of Ethics (the "Code") and acknowledge that I have read and understand its contents. I understand my obligation to comply with the Code and with the law, and my obligation to report to appropriate personnel within the Company any and all suspected violation of the Code or of applicable laws, rules, or regulations. I agree to be diligent in staying informed about future policies and changes and in complying with this Code and I am familiar with all the resources that are available if I have questions about specific conduct, the Company's policies, or applicable laws, rules, or regulations.

I understand that nothing contained in the Code may be construed as creating a promise of future benefits or a binding contract with the Company for benefits or for any other purpose.

SIGNATURE

Name (please print)

Signature

Date: _____

This form must be returned to the Human Resources Department.