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## **Code of Business Conduct and Corporate Governance**

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## **PURPOSE AND SCOPE**

Since our founding in 1988, MRV Communications has insisted that all of our employees maintain the highest level of integrity in their dealings with and on behalf of MRV, including dealings with its customers, partners, employees and investors.

Our Code of Business Conduct and Corporate Governance embodies the rules regarding individual and peer responsibilities, as well as responsibilities to our employees, customers, shareholders, the public and other stakeholders, and includes:

- Promote honest and ethical conduct, including ethical handling of actual or apparent conflicts of interest between personal and professional relationships,
- Promote full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by MRV,
- Promote compliance with applicable governmental rules and regulations,
- Provide guidance to directors, officers and employees to help them recognize and deal with ethical issues,
- Provide mechanisms to report unethical conduct, and
- Help foster a culture of honesty and accountability.

**We will expect all our directors, officers and employees to comply at all times with the principles of this Code. A violation of this Code by an employee is grounds for disciplinary action up to and including discharge and possible legal prosecution.**

## **STANDARDS OF BUSINESS CONDUCT**

These standards relate to those day-to-day behaviors that are particularly important to our business and to the preservation of MRV's good name and reputation. Adherence to the standards is critical to our success and inspires trust and confidence on the part of our employees, customers, shareholders, the public and other stakeholders.

Integrity is, and must continue to be, the basis of all of our corporate relationships. Each employee and director is expected to practice the highest standards of honesty, accuracy and integrity at all times.

Everyone is part of the company team and each of us deserves to be treated with dignity and respect. In addition, every employee is responsible for his or her own conduct. No one has the authority to make another employee violate our Code of Business Conduct, as it applies personally to the employee or manager and to those under his or her supervision, and any attempt to direct or otherwise influence someone else to commit a violation is unacceptable.



Managers, in particular, set the example for other employees and are often responsible for directing the actions of others. We require all employees, including managers, to know and understand the Code of Business Conduct, as it applies personally to the employee or manager and to those under his or her supervision.

We believe that the fundamental principle that underlies the way we do business at MRV is good judgment. An understanding of our legal and ethical parameters enhances that judgment. We have a responsibility to pay constant attention to all legal boundaries and to comply with all applicable laws and regulations in all of our operations worldwide. We have the same obligations to the communities in which we do business and to the customers with whom we do business. For everyone at MRV, this means following the spirit of the law and doing the right, ethical thing even when the law is not specific.

This code outlines the broad principles of legal and ethical business conduct, which we have embraced. It is not a complete list of legal or ethical questions an employee might face in the course of business, and there, this code must be applied using common sense and good judgment. Additionally, under certain circumstances local country law may establish requirements that differ from this code. Employees worldwide are expected to comply with all local country laws and our business conduct policies in the areas in which they are conducting MRV business.

From time to time, we may waive certain provisions of these standards. Any waiver of these standards for executive officers or directors may be made only by the board or committee of the board to which such responsibility has been delegated and must be promptly disclosed in accordance with applicable law.

## **ETHICAL BUSINESS PRACTICES**

We do not seek competitive advantages through illegal or unethical business practices. Each employee and director should endeavor to deal fairly with our clients, service providers, suppliers, competitors, customers, and other employees and directors. No employee or director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

## **CONFLICTS OF INTEREST**

Employees are expected to make or participate in business decisions and action in the course of their employment with MRV based on the best interests of the company as a whole, and not based on personal relationships or benefits. Conflicts of interest can compromise employees' business ethics. Employees are expected to apply sound judgment to avoid conflicts of interest that could negatively affect MRV or its business.

Employees and directors should avoid situations where their personal interests, investments or associations would conflict with their ability to exercise good judgment on our behalf or are inconsistent with or opposed to our best interests. Conflicts of interest may arise directly with employees, directors, or through family connections. Conflicts of interest also arise when an employee or director, or a member of his or her family, receives improper personal benefits as a result of his or her position with us. Employees and directors are expected to disclose to us any situations that may involve inappropriate or improper conflicts of interests affecting them personally or affecting other employees or those with whom we do business.

*Corporate Opportunities.* Employees and Directors owe a duty to us to advance our legitimate business interests when the opportunity to do so arises. Employees and directors are prohibited from taking for themselves (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless we have already been offered the opportunity and an appropriate member of senior management or a director has declined the opportunity on behalf of the company, in writing. More generally, employees and directors are prohibited from using corporate property, information or position for personal gain or competing with the company.

Sometimes the line between a benefit to the employee or director and a benefit to us is difficult to draw, and sometimes both types of such benefits may be derived from certain activities. The only prudent course of conduct for employees and directors is to make sure that an appropriate member of senior management approves, beforehand, any use of company property or services that is not solely for the benefit of the company.

*Improper Influences – Gifts and Entertainment.* Employees and directors must not offer, make, solicit or receive a bribe, kickback, illegal political contribution or other improper payment, and we do not condone any such activity on the part of our employees. No employee or director should accept from any organization or individual that has, or is seeking to have, a business relationship with us any gift or gratuity of material value or excessive or extravagant entertainment or other similar gratuities. In applying these guidelines, employees and directors must use common sense and good judgment to avoid the appearance of impropriety.

*Board Memberships.* We encourage our employees to serve as directors on corporate boards. Any employee so desiring to serve must obtain the prior written approval of our chief executive officer.

## **CONFIDENTIAL AND PROPRIETARY INFORMATION**

The protection of confidential and proprietary information is vital to our success. No employee or director should reveal or divulge any such information, unless required to do so in the ordinary process of carrying out day-to-day responsibilities and then only with the knowledge and approval of the appropriate member of senior management or unless legally mandated. Confidential and proprietary information includes, among other things, any non-public information concerning the company, including our businesses, products, financial performance, results or prospects, and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed.

Each employee is required to sign an Confidentiality and Non-Disclosure Agreement, promising that he or she will not divulge company confidential or proprietary information or material outside of the company; in addition, it acknowledges that the ideas, inventions, products and processes developed while working for us are our sole property.

## **SPECIAL ETHICS OBLIGATIONS FOR EMPLOYEES WITH FINANCIAL REPORTING RESPONSIBILITIES**

As a public company it is of critical importance that MRV's filings with the Securities and Exchange Commission be accurate and timely. Depending on their position with MRV, employees may be called upon to provide information to assure that our public reports are complete, fair and understandable. We expect all of our personnel to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to our public disclosure requirements.

Our Corporate Finance Department bears a special responsibility for promoting integrity throughout the organization, with responsibilities to stakeholders both inside and outside of MRV. Our chief executive officer and Corporate Finance Department personnel have a special role both to adhere to these principles themselves and also to ensure that a culture exists throughout the company as a whole that ensures fair and timely reporting of MRV's financial results and condition.

Because of this special role, the Chief Executive Officer and all members of our Corporate Finance Department are bound by the following Financial Officer Code of Ethics, and by accepting the Code of Business Conduct, each agrees that he or she will:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
- Provide information that is accurate, complete, objective, relevant, timely and understandable to ensure full, fair, accurate, timely and understandable disclosure in reports and documents that MRV files, or submits to, governmental agencies and in other public communications.
- Comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.
- Respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of one's work will not be used for personal advantage.
- Share knowledge and maintain skills important and relevant to stakeholders' needs.
- Proactively promote and be an example of ethical behavior as a responsible partner among peers, in the work environment and the community.
- Achieve responsible use of and control over all assets and resources employed or entrusted.
- Promptly report to the appropriate member of senior management and/or the chairman of the audit committee any conduct that the individual believes to be a violation of law or business ethics or of any provision of the Code of Business Conduct, including any transaction or relationship that reasonably could be expected to give rise to such a conflict.

Violations of the Financial Officer Code of Ethics, including failures to report potential violations by others, will be viewed as a severe disciplinary matter that may result in personnel action,



including termination of employment. It is against our policy to retaliate against any employee for good faith reporting of violations of this Code.

## **REPORTING AND COMPLIANCE PROCEDURES**

Any employee or director who knows or believes that any other employee or representative of ours has engaged or is engaging in company-related conduct that violates applicable law or these standards should report such information to our chief executive officer or an appropriate member of senior management. You may report such conduct openly or anonymously without fear of retaliation. We will not discipline, discriminate against or retaliate against any employee who reports such conduct, unless it is determined that the report was made with knowledge that it was false, or who cooperates in any investigation or inquiry regarding such conduct.

If our chief financial officer receives information regarding an alleged violation of these standards, he or she shall, as appropriate, (a) evaluate such information, (b) if the alleged violation involves an executive officer or a director, inform the board of directors of the alleged violation, (c) determine whether it is necessary to conduct an informal inquiry or a formal investigation and, if so, initiate such inquiry or investigation and (d) if the alleged violation involves an executive officer or a director, report the results of any such inquiry or investigation, together with a recommendation as to disposition of the matter, to the board of directors for action. Employees, officers and directors are expected to cooperate fully with any inquiry or investigation by us regarding an alleged violation of these standards. Failure to cooperate with any such inquiry or investigation may result in disciplinary action, up to and including discharge.

In the event the alleged violation involves any persons other than an executive officer or director, our chief financial officer shall determine whether violations of these standards have occurred and, if so, shall determine the disciplinary measures to be taken against such person. In the event that the alleged violation involves an executive officer or a director, the board of directors shall determine whether a violation of these standards has occurred and, if so, shall determine the disciplinary measures to be taken against such executive officer or director.

Failure to comply with the standards outlined in these standards will result in disciplinary action including, but not limited to, reprimands, warnings, probation or suspension without pay, demotions, reductions in salary, discharge and restitution. Certain violations of these standards may require us to refer the matter to the appropriate governmental or regulatory authorities for investigation or prosecution. Moreover, any supervisor who directs or approves of any conduct in violation of these standards, or who has knowledge of such conduct and does not immediately report it, also will be subject to disciplinary action, up to and including discharge.

## **ACCOUNTING COMPLAINTS**

Our policy is to comply with all applicable financial reporting and accounting regulations applicable to the company. Any employee or director who has concerns or complaints regarding questionable accounting or auditing practices may confidentially, and anonymously if they wish, submit such concerns or complaints in writing to the audit committee of the board of directors, which, subject to its duties arising under applicable law, regulations and legal proceedings, will treat such submissions confidentially. Such submissions may be directed to the attention of the chairman of the audit committee through our internal Whistleblower hotline.

The chairman of the audit committee will evaluate the merits of any concerns or complaints received by it and authorize such follow-up actions, if any, as it deems necessary or appropriate to address the substance of the concern or complaint. We will not discipline, discriminate against or retaliate against any employee who reports a complaint or concern, unless it is determined that the report was made with knowledge that it was false.



## **LAWS, REGULATIONS AND GOVERNMENT RELATED ACTIVITIES**

As an international United States based company, MRV is subject to laws and regulations both in the United States and abroad. Violations of governing laws and regulations are both unethical and subject us to significant risk in the form of fines, penalties and damaged reputations. It is expected that each employee will comply with applicable laws, regulations and corporate policies. Specific areas with which employees are expected to comply include:

- Anti-Trust
- Insider Trading
- Foreign Corrupt Practices Act
- Using Third-Party Copyrighted Material
- Export, Re-export and Transfer Policy
- Customs Compliance for International Shipping
- Privacy

### **ANTI-TRUST**

The economy of the United States, and of most nations in which we do business, is based on the principle of a free competitive market. To ensure that this principle is played out in the marketplace, most countries have laws prohibiting certain business practices that could inhibit effective competition. The anti-trust laws are broad and far-reaching. They touch upon and affect virtually all aspect of our operations. We fully embrace all anti-trust laws and avoid conduct that may even give the appearance of being questionable under those laws. Each employee should keep those thoughts in mind when going about his or her job, because the penalties for violations can be quite serious, both to MRV and to the individual. Whether termed anti-trust, competition, or free trade laws, the rules are designed to keep the marketplace thriving and competitive.

### **INSIDER TRADING**

If an employee has material, non-public information relating to MRV or our business, it is MRV's policy that the employee, the employee's family members or any entities controlled by the employee or his or her family members, may not buy or sell securities of MRV or engage in any other action to take advantage of, or pass on to others, that information. This policy also applies to trading in the securities of any other company, including our customers, suppliers, vendors or other business partners, if employees have material, non-public information about that company which the employee obtained by virtue of his or her position at MRV.

Transactions that may be necessary and justifiable for independent reasons, including emergency expenditures and transactions planned before the employee learned the material information, are not exceptions. Even the appearance of an improper transaction must be avoided to prevent any potential prosecution of MRV or the individual trader.

Besides the obligation to refrain from trading while in possession of material, non-public information, employees are also prohibited from “tipping” others. The concept of unlawful tipping includes passing on information to friends or family members under circumstances that suggest that employees were trying to help them make a profit or avoid a loss. Besides being considered a form of insider trading, or course, tipping is also a serious breach of corporate confidentiality.

More detailed rules governing the trading of MRV securities by employees and directors are set forth in the MRV Communications Insider Trading Policy.

### **FOREIGN CORRUPT PRACTICES ACT**

We require full compliance with the Foreign Corrupt Practices Act (“FCPA”) by all of our employees, consultants, agents, distributors and resellers. The anti-bribery and corrupt payment provisions of the FCPA make illegal any corrupt offer, payment, promise to pay or authorization to pay any money, gift or anything of value to any foreign official, or any foreign political party, candidate or official, for the purpose of:

- Influencing any act, or failure to act, in the official capacity of that foreign government or agency
  
- Inducing the foreign official or party to use influence to affect a decision of a foreign government or agency, in order to obtain or retain business for anyone, or direct business to anyone.

Payments, offers, promises or authorizations to pay any other person, United States, or foreign, are likewise prohibited if any portion of that money or gift will be offered, given or promised to a foreign official or foreign political party or candidate for any of the illegal purposes outlined above.

All MRV employees, whether located in the United States or abroad, are responsible for FCPA compliance and the procedures to ensure FCPA compliance. All managers and supervisory personnel are expected to monitor continued compliance with the FCPA to ensure compliance with the highest moral, ethical and professional standards of MRV.

### **USING THIRD-PARTY COPYRIGHTED MATERIAL**

Employees may sometimes need to use third-party copyrighted material to perform their jobs. Before such third-party material may be used, appropriate authorization from the copyright holder must be obtained, with the exception of material for which we hold the copyright. The need for such permission may exist whether or not the end product containing third-party material is for personal use, for MRV internal or other use. It is our policy and it may be unlawful for any employee to copy, reproduce, scan, digitize, broadcast or modify third-party copyrighted materials when developing MRV products, promotional materials or written communications (such as manuals, presentations, etc.), unless written permission from the copyright holder has been obtained prior to the proposed use. Improper use could subject both MRV and the individuals involved to possible civil and criminal actions for copyright infringement. It is against our policy for employees to use our facilities for the purpose of making or distributing unauthorized copies of third-party copyrighted materials for personal use or for use by others.

## **EXPORT, RE-EXPORT AND TRANSFER POLICY**

*Design, Development and Production Technology.* Export of design, development and production technology is subject to national security, foreign policy and anti-terrorism laws and regulations.

Employees must obtain written permission from the chief executive officer or corporate compliance officer before providing design, development or production technology to nationals or territories of countries that have not ratified global weapon non-proliferation treaties. Non-Disclosure Agreements do not constitute written authorization to transfer design, development or production technology.

Technology that has been made publicly available, with the exception of cryptography, may be exported to all foreign nationals and territories except those embargoed or sanctioned by the United States.

*Products and Technology.* Under no circumstances shall employees or agents engage in marketing, service or sales of products or technology to embargoed or sanctioned territories without written authorization from the chief executive officer or corporate compliance officer.

*Violation and Suspicious Activities Reporting.* Employees should contact the chief executive officer or corporate compliance officer if they know or have reason to believe that any party (e.g. partners, users, employees, etc.) has or intends to violate United States or local country laws or regulations.

## **CUSTOMS COMPLIANCE FOR INTERNATIONAL SHIPPING**

Our policy is to comply fully with customs laws, regulations and policies in all countries where we do business. Accurate customs information on shipping documents is required for all international shipments. Employees should not initiate shipping documents outside approved automated shipping systems or non-production shipping tool.

## **PRIVACY**

We have established guidelines for the collection, use and disclosure of personal data. All of our operations, activities and functions that collect, use, receive or distribute personal data must adhere to this policy. Moreover, all electronic and physical resources, whether owned or leased by MRV, and the messages, files, data, software or other information stored or transmitted on them are, and remain at all times, the property of MRV, and MRV reserves the right to inspect these items.