

Code of Conduct



Norsat International Inc.
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1 Introduction

1.1 Purpose

Our Values, Policies and Code of Conduct have been carefully developed to help you understand our performance-based corporate culture, to guide your decisions, and to ensure integrity and consistency throughout the Company. They are designed to be positive and fair and to serve as guiding principles for the respect and care we show to each other.

If you have further questions regarding the Code of Conduct and policies, please schedule a time with your supervisor/manager.

1.2 Scope

This policy manual contains policies essential to you, the Employee, regardless of your role in Norsat International Inc., or its subsidiaries and divisions (hereafter referred to as either the “Company” or “Norsat”) to fulfill our corporate objectives. These policies are provided to help increase understanding, to guide decision making on matters of company-wide policy, and to assure uniformity and integrity throughout the Company. Note that this policy manual is a guide and not a contract.

There are other policies not in this manual with which you will also be required to comply with as part of your specific department, job or function. Your Supervisor/Manager will help you locate and obtain the relevant policies. It is the responsibility of each and every member of management to administer, enforce and communicate these policies in a consistent manner.

Unless specifically noted, these policies apply to everyone who works for the Company, including, without limitation, all permanent and temporary employees, contractors and consultants. For the purposes of these policies, the Company’s workplace is considered to include offices and other premises where the Company conducts business and any place where Company related activities occur such as social, business or other functions.

2 Code of Conduct

Effective Date: September 1, 2004
Supercedes: N/A

2.1 Introduction

Norsat International Inc. is dedicated to maintaining its reputation for integrity and good corporate citizenship and expects all employees to abide by basic principles of ethical and lawful business conduct. The increasing complexity of law and business life has made it appropriate for Norsat to establish formally this Code of Business Conduct.

We place the highest value on the integrity of each employee and Company representative. The Norsat fundamental principle of empowerment, ownership of the job, presumes that an employee who can reasonably demonstrate that “they did what they did, and took the action they took, because they honestly felt that it was in the best interest of the Company”, can expect 100% support from the Company 100% of the time.

Individuals at Norsat are granted the autonomy and the support to act independently in the context of the Company’s policies, mission, vision and operating plans. All employees are expected to understand their role and responsibility for the Company’s operating and financial transactions and follow approved procedures to protect, report, control, authorize and accurately reflect these transactions. All employees are referred to PRC001004 - Approval Matrix.

The Company provides this Code as a general guideline to its employees to offer guidance in understanding the accepted or unaccepted conduct as well as recognizing and resolving the legal and ethical issues that they may encounter while conducting the Company’s business. The code is not intended to cover and address all Company policies or applicable laws. In circumstances where an activity or behavior is not covered by these guidelines, employees should discuss it with their immediate supervisor or a member of management of Norsat. The Code of Conduct will take precedence should there be any contradiction with any other departmental policy and/or local customs.

Any employee who violates this Code of Conduct shall be subject to disciplinary measures, which could lead to dismissal or to legal action brought against the employee.

The contents of this Code of Conduct policy supercedes and replaces any previous employee or corporate policy. Norsat Management reserves the right to unilaterally create exceptions to, modify, change or revoke these policies at any time without prior notice by the Company. This policy is complementary to any legislation that provides greater entitlement and/or benefit than the Company policy.

The Code of Conduct is available on the company’s intranet under Corporate/HR > Policies and is publicly available at <http://www.norsat.com/code-of-conduct-2/>.

2.2 Adherence to Current Law

All employees are expected to comply with all laws applicable to the business of Norsat. If any employee is in doubt, the employee should discuss the proposed activity with management who might consider seeking the guidance of the Company legal counsel.

2.3 Appropriation or Use of Company Assets

Employees are not permitted to borrow or to make use of Company funds, assets, Norsat name, property, and goodwill for their own personal gain, use or benefit. The exception is if such benefits are derived as part of an authorized Norsat employee compensation or benefit program authorized in writing by the Chief Executive Officer or Chief Financial Officer. Furthermore, employees must also take all reasonable precautions to safeguard Company assets.

2.4 Intellectual Property

The Company's intellectual property is considered an asset that enables Norsat to be recognized in the international market and distinguish its products and services. Our intellectual property includes copyrights, designs, patents, trademarks, and confidential information. Intellectual property can also be created by employees (individually or team) and the ending result is owned by Norsat. For further information, please refer to POL000010_1.0 - Intellectual Property Policy.

2.5 Confidential Information

Employees are not to use confidential information gained by virtue of their association with Norsat for their own personal gain, use or benefit nor are they to disclose such information for the use of others, unless it is in the best interests of Norsat. For greater clarity, employees are not to use any such confidential information to trade (or tip) on Hytera publicly listed securities.

2.6 Communication and Social Media

There are many different communication platforms and devices (whether the Company's or personal) that are used for both business and personal purposes. Under no circumstances shall the employee use Company-provided communication products (e.g. internet, phone, email) to access and/or disseminate content that is offensive, libelous, illegal, derogatory, harassing, threatening, discriminatory or sexually explicit.

Where applicable, an employee may be provided with email and internet access for Company related business. Subject to the occasional use to communicate with friends and family, they are to be used only to the extent that is in the best interests of Norsat.

All employees are required to comply with the Company's Social Media Policy when publishing or commenting via social media. Employees should remember to:

- Not disclose information that is confidential to the Company and others with whom Norsat has business relations. For example (including but not limited to): intellectual property, product design, financials, etc.

- Not disclose personal information that is not for public knowledge regarding yourself or your colleagues.
- Not display the Norsat logo in personal communications unless specifically authorized.
- Show respect to the audience, colleagues, and the Company.

Employees are referred to the Norsat Social Media Policy for further details.

2.7 Corporate Disclosure Policy

All employees of Norsat, Hytera, and those authorized to speak on its behalf are to adhere to Norsat's Corporate Disclosure Policy. This policy covers material disclosure in all documents and statements communicated in writing, orally and electronically with analysts, investors, the press and the public. Its objective is to ensure that public communications about material developments concerning Norsat are timely, factual, accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements.

Employees are referred to the Norsat Corporate Disclosure Policy for further details.

2.8 Insider Trading

Insider trading rules are part of the securities regulatory system. These rules prohibit a person or company from trading in the securities of an issuer where that person or company is in a Special Relationship with the issuer and has knowledge of a Material Fact or Material Change with respect to the issuer that has not been generally disclosed to the investing public.

Employees are referred to the Norsat Insider Trading Policy for further details.

2.9 Conflict of Interest

All employees are to avoid activities that involve a conflict of interest with Norsat. The transaction of business by Norsat with businesses beneficially owned in whole or in part directly or indirectly by an employee or any member of his/her family or person from whom the employee would derive direct or indirect benefits is prohibited unless written approval is requested and received from either the Chief Executive Officer or Chief Financial Officer.

Employees are referred to the Norsat Conflict of Interest Policy for further details.

2.10 Outside Business Activities of Employees

Full-time management employees are not permitted to engage in outside business activities which deprive Norsat of the time and attention required to properly perform their duties. All employees are not permitted to engage in outside business activities which are in competition with or related to Norsat activities unless written approval is requested and received from a member of the senior management team or higher.

2.11 Gifts and Benefits

Employees are not to accept gifts, favors or trips other than of nominal amount, from customers or suppliers or prospective customers or suppliers unless authorization is requested and received from the Chief Executive Officer, Chief Financial Officer, or General Manager (Sinclair). Employees are not to use their status with Norsat to obtain personal gain from those doing or seeking to do business with Norsat.

As a guideline, a nominal amount would be something that could be consumed or used at one sitting (e.g. a lunch, dinner, theater tickets, a round of golf). Employees cannot accept gifts which could or appear to impair the employee's ability to perform Company duties, impartially and in the best interests of the Company. As further clarification, amounts won through skill or chance, such as a television won on a random draw at a golf tournament, would not be considered a gift or favor.

Only nominal gifts, entertainment, or other benefits are to be made to customers or suppliers or to their employees. Any exception requires an approval from the Chief Executive Officer, Chief Financial Officer, or General Manager (Sinclair).

2.12 Illegal Payment to Public Officials

In most jurisdictions, Norsat is required by law to report immediately to the proper authorities any corroborated instance where a public official at any level of government attempts to obtain money or property or favors from Norsat by the wrongful use of his or her official position or as a condition to perform certain duties he or she is normally obligated to perform. All such incidents are to be immediately reported to the Chief Executive Officer or Chief Financial Officer. In no circumstances should any employee agree to such solicitation. No employee of Norsat is to offer gifts or favors to any public official that could be construed as a payment to influence the official.

2.13 Proper Maintenance of Records

All transactions of Norsat must be properly recorded and accounted for on the books of the company. This is essential to the integrity of Norsat's governmental and financial reporting obligations. In particular, (i) no unrecorded or inadequately recorded fund or asset of Norsat is to be established or maintained; (ii) no false, artificial or misleading entries in the books and records of Norsat is to be made; and (iii) no transaction is to be effected and no payment is to be made on behalf of Norsat with the intention or understanding that the transaction or payment is other than as described in the documentation evidencing the transaction or supporting the payment.

2.14 Human Relations

The Company values inclusiveness, which includes workplace accommodation to qualified persons who face some barriers (in accordance with the law). Examples include physical or technical changes to work stations or changes to work duties.

As an important part of Norsat's workplace environment, the Company values diversity and respect the abilities, beliefs, lifestyles, perspectives, privacy, and traditions of all employees and people with whom Norsat has business relations. Discrimination or harassment will not be practiced or tolerated. Conformity with legal requirements are not to be regarded as discrimination.

The Company is dedicated to maintaining a healthy workplace free from discrimination, violence, bullying and harassment of employees. All complaints will be taken seriously by the Company and will be investigated.

Harassment includes any unwelcome comment or conduct, based upon age, race, gender, ethnic origin, disability or creed, which is likely to be offensive, hostile, threatening or demeaning to any person.

Any threats or acts of violence, especially physical violence, including intimidation, harassment, and/or coercion which involve or affect Company employees will not be tolerated. Specific examples of conduct that may be considered "threats or acts of violence" prohibited under this policy include, but are not limited to, the following:

- Striking or pushing an individual.
- Threatening to harm an individual or his/her family, friends, associates, or their property.
- The intentional destruction or threat of destruction of property owned, operated, or controlled by the Company.
- Making harassing or threatening telephone calls or sending harassing or threatening letters or other forms of written or electronic communications.
- The willful, malicious and repeated following of another person, also known as "stalking", and making of a credible threat with intent to place the other person in reasonable fear for his or her safety.
- Making a suggestion that an act to injure persons or property is "appropriate", without regard to the location where such suggestion or intimation occurs.

Possession or use of firearms, weapons, knives, or any other dangerous devices on Company property is strictly prohibited.

Employees are referred to the Norsat Respectful Workplace Policy and Workplace Violence Policy for further details.

2.15 Health and Safety

Norsat is committed to having healthy and safe operations in our locations to protect employees, assets, business, and public trust. We continually monitor and improve our health and safety programs where appropriate. Training is provided to employees to help them understand and use safe behavior in their daily activities.

The Company expects all employees to perform their duties in a safe and responsible manner at all times. Unless specifically exempted, no employee is permitted to be under the influence of alcohol, illicit drugs, medication, or other substances that will impair or adversely affect the

ability to perform the job in any way. This includes the workplace, performing or on a call to perform employment duties, or in vehicles used for Company business.

Employees are referred to the Drugs and Alcohol Policy for further details.

2.16 Political and Charitable Organizations

All employees are encouraged and entitled to make political and charitable contributions from their personal time and funds in the exercise of responsible citizenship. Corporate contributions, of any kind, to political organizations are to be approved by two officers of the Company, one of which will include the Chief Executive Officer or Chief Financial Officer. Involvement of full-time management employees in political and charitable organizations should not deprive Norsat of the time and attention required to properly perform the employees' duties unless previous approval is requested and received from an officer of the Company.

2.17 Community Involvement and the Environment

Norsat is committed in being a responsible corporate citizen of all the communities in which we reside. We will abide by all national and local laws and will strive to improve the well-being of our communities through encouragement of employee participation in civic affairs.

We will strive to minimize our impact on the environment and encourage and practice the reduction, re-use or recycling of all resources we use wherever practical.

2.18 Fraud

Management is responsible for the detection and prevention of fraud, misappropriations and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

Actions that constitute fraud (the terms defalcation, misappropriation and other fiscal irregularities) refer to, but are not limited to:

- Any dishonest or fraudulent act, whether against and/or for the benefit of Norsat.
- Misappropriation of funds, securities, supplies, or other assets.
- Impropriety in the handling or reporting of money or financial transactions.
- Profiteering as a result of insider knowledge of Norsat activities.
- Disclosing confidential or proprietary information to outside parties.
- Disclosing to other persons securities activities engaged in or contemplated by Norsat.
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to Norsat. Exception: gifts with a nominal value.
- Destruction, removal or inappropriate use of records, furniture, fixtures and/or equipment.
- Inappropriate entries to Norsat's books and records.
- Fictitious, overstated and/or unjustified items claimed on employee expense reports.

- Establishing a fictitious customer, employee or vendor in Norsat records.
- Any similar or related irregularity.

Any irregularity that is detected or suspected must be reported immediately to the Chief Financial Officer, who will coordinate all investigations with Corporate Counsel and other affected areas, both internal and external.

Should the detection or suspicion involve the Chief Financial Officer directly, advice should be sought directly from the Chief Financial Officer of Hytera Communications Co. Ltd, via email at nuo.xu@hytera.com.

Employees are referred to the Norsat Fraud Policy for further details.

2.19 Responsibility to Report

All employees have a duty to report to Norsat management any violations of the Code of Conduct, policies, corporate policy or divisional policy. Allegations will be investigated by the appropriate personnel, and upon the advice of Company legal counsel, may be reported to the appropriate authorities. Any employee who in good faith raises an issue regarding possible violation of law or Company policy will not be subject to retaliation and their confidentiality will be protected to the extent possible, consistent with law, corporate policy and the requirements to conduct an effective investigation.

Employees are referred to the Norsat Whistleblower Policy for further details.

3 Policies

Please refer to the following additional policies for further information.

- Approval Matrix
- Social Media Policy
- Corporate Disclosure Policy
- Insider Trading Policy
- Conflict of Interest Policy
- Respectful Workplace
- Workplace Violence Policy
- Drugs and Alcohol Policy
- Fraud Policy
- Whistleblower Policy