

# CHEMBIO DIAGNOSTICS, INC.

## CODE OF BUSINESS CONDUCT AND ETHICS

### Introduction

This Code of Business Conduct and Ethics (the “Code”) covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees of Chembio Diagnostics, Inc. (the “Company”). The standards set forth in this Code are linked closely to our corporate vision, strategies and values. All of our employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. The Code is intended to provide guidance to persons functioning in managerial or administrative capacities, as well as to all employees.

If a law conflicts with a policy in this Code, you must comply with the law. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

The integrity, reputation, and profitability of the Company ultimately depend upon the individual actions of our employees, representatives, officers, directors, agents, and consultants. It is the policy of the Company to comply with all applicable laws and to adhere to ethical standards in the conduct of our business. Each employee is expected to read and understand this Code, uphold these standards in daily activities and take personal responsibility for compliance with all applicable policies and procedures.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment. The guidelines in this Code are neither exclusive nor comprehensive. Because the business and legal environment in which the Company operates is complex, it would be impossible to formulate a single policy that would govern all possible situations. Employees are expected and required to comply with the letter and the spirit of all applicable laws and policies, whether or not specifically addressed within this Code. *If you are in a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in Section 14 of this Code.*

### 1. Compliance with Laws, Rules and Regulations

Obedying the law, both in letter and in spirit, is the foundation on which this Company’s ethical standards are built. All employees must respect and obey the laws of the cities, states and countries in which we operate. Although not all employees are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel. Because individual violations may also subject the Company to civil or criminal liability or the loss of business, the Company takes legal compliance measures seriously and works diligently to enforce them.

If requested, the Company will hold information and training sessions to promote compliance with laws, rules and regulations, including insider-trading laws.

## **2. Conflicts of Interest**

A “conflict of interest” exists when a person’s private interest interferes in any way with the interests of the Company. A conflict situation can arise when an employee, officer, or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee, officer, or director, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company.

Some scenarios that may pose potential conflict of interest problems include, but are not limited to, the following:

1. Investing in any company that sells products or services similar to the Company’s, or any company doing or seeking to do business with the Company, other than relatively small investments in securities widely held by the general public;
2. Working for, or on behalf of, any such company;
3. Placing Company business with relatives or friends, or working on a Company project that will have a direct impact on the financial interests of relatives or friends;
4. Encouraging companies dealing with the Company to buy supplies or services from relatives or friends;
5. Borrowing money from companies doing or seeking to do business with the Company other than on generally available terms;
6. Participating in the regulatory or other activities of a community or governmental body that have a direct impact on the business of the Company or its affiliates;
7. Hiring or supervising a relative or friend;
8. Engaging in a personal relationship with another employee or vendor that affects one’s ability to do one’s job or disrupts the workplace;
9. Serving as a director of any company that competes with the Company; and
10. Accepting gifts or gratuities in any one-year period valued in excess of one hundred dollars (\$100) in the aggregate from any customer, vendor, supplier, or other person doing business with the Company or its affiliates.

The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf. Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Directors. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management. Any employee, officer or director who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager, or other appropriate personnel, or consult the procedures described in Section 14 of this Code.

### **3. Securities Laws and Insider Trading**

It is against Company policy for any individual to profit from material undisclosed information relating to the Company or any company with which the Company does business. If an officer, director or employee is in possession of material inside information that the Company has not yet disclosed to the public, he or she may not purchase or sell any of the securities of the Company or “tip” others to trade in Company stock. Material inside information is defined as facts that have not been disclosed to the public that would influence a reasonable investor’s decision to buy or sell a company’s stock or other securities. Also, if an officer, director, or employee has inside or unpublished knowledge about any of the Company’s public-company suppliers, customers or any other public company that the Company does business with, he or she may not purchase or sell securities of those companies or tip others to do so.

Insider trading is a crime, and in addition to criminal penalties, the Securities and Exchange Commission may seek the imposition of a civil penalty of up to three times the profits made or losses avoided from the trading. Insider traders must also disgorge any profits made and are often subjected to an injunction against future violations. Insider traders may further be subjected to civil liability in private law suits.

Moreover, U.S. securities laws provide for penalties not only for those who engage in insider trading, but also for those controlling persons who fail to take appropriate action when they either knew or should have known that persons within their control were violating these rules. Therefore, it is essential that employees be alert to those situations where others within the Company (particularly those over whom the employee has some supervisory authority) may not be observing the rules of insider trading. We urge you to contact the Company’s Chief Executive Officer or Chief Financial Officer if you are unsure as to whether or not you are free to trade under a particular set of circumstances.

### **4. Corporate Opportunities**

Employees, officers and directors are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information, or position without the consent of the Board of Directors. No employee may use corporate property, information, or position for improper personal gain, and no employee may compete with the Company directly or indirectly. Employees, officers, and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

### **5. Competition and Fair Dealing**

We seek to outperform our competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner’s consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each employee should endeavor to respect the rights of and deal fairly with the Company’s customers, suppliers, competitors, and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided, or accepted by any Company employee, family member of an employee, or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff, and (5) does not violate any laws or regulations. Please discuss with your supervisor any gifts or proposed gifts which you are not certain are appropriate.

## **6. Discrimination and Harassment**

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

## **7. Health and Safety**

The Company strives to provide each employee with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries, and unsafe equipment, practices, or conditions.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

## **8. Record-Keeping**

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. Certain employees may use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor.

All of the Company's books, records, accounts, and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions, and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation please consult the Company's Chief Executive Officer or Chief Financial Officer.

## **9. Confidentiality**

Employees must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is authorized by the Company's Chief Executive Officer or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends.

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

All employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment should not be used for non-Company business, though incidental personal use may be permitted.

The obligation of employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information, and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

## **11. Payments to Government Personnel**

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor, or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The Company's Chief Executive Officer or Chief Financial Officer can provide guidance to you in this area.

## **12. Waivers of the Code of Business Conduct and Ethics**

Any waiver of this Code for executive officers or directors may be made only by the Board of Directors or a committee of the Board of Directors and will be promptly disclosed as required by law or stock exchange regulation.

### **13. Reporting any Illegal or Unethical Behavior**

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.

Employees must read the Company's Employee Complaint Procedures for Accounting and Auditing Matters attached as Exhibit A, which describes the Company's procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters. Any employee may submit a good faith concern regarding questionable accounting or auditing matters without fear of dismissal or retaliation of any kind.

### **14. Compliance Procedures**

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor or where you do not feel comfortable approaching your supervisor with your question, discuss it with another member of management.

- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.

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