



INNOVATIVE SOLUTIONS AND SUPPORT INC, CODE OF BUSINESS CONDUCT AND ETHICS

Introduction

The reputation and integrity of Innovative Solution and Support, Inc. ("the **Company**") are valuable assets that are vital to the Company's success. Each director, officer and employee of the Company is therefore responsible for conducting the Company's business in a manner that demonstrates a commitment to the highest standards of integrity, honesty and compliance with law.

This Code of Business Conduct and Ethics (this "**Code of Conduct**") 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 directors, officers and employee of the Company. All of our directors, officers and employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior.

The purpose of this Code of Conduct is to focus on areas of ethical or legal risk, provide guidance to help recognize and deal with ethical and legal issues, provide mechanisms to report unethical or illegal conduct and foster a culture of honesty and accountability. Dishonest or unethical conduct or conduct that is illegal will constitute a violation of this Code of Conduct, regardless of whether such conduct is specifically referenced herein.

The Company's Board of Directors ("**Board**") is ultimately responsible for the implementation of this Code of Conduct. The Board has designated the Company's Chief Executive Officer to be the compliance officer (the "**Compliance Officer**") for the implementation, interpretation and administration of this Code of Conduct. This Code of Conduct should be read in conjunction with the Company's Employee Handbook and other policies, policy statements or procedures adopted by the Company from time to time.

Questions regarding the application or interpretation of this Code of Conduct are inevitable. Employees should feel free to direct questions to their supervisor or the Compliance Officer. In addition, employees who observe, learn of, or, in good faith, suspect a violation of this Code of Conduct must immediately report the violation and will not be subject to retaliation of any kind. Reported violations will be investigated and addressed promptly and will be treated confidentially to the extent possible.

Employees will receive periodic training on the contents and importance of this Code of Conduct and related policies and the manner in which violations must be reported and waivers must be requested.

1. Compliance with laws

A variety of laws, rules and regulations apply to the Company and its operations, and some carry criminal penalties. These laws include governmental regulations, securities laws, and state laws relating to duties owed by directors and officers. Obeying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. All directors, officers and employees must obey the laws of the United States and the cities and states 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.



No director, officer or employee may purchase or sell any Company securities while in possession of material nonpublic information regarding the Company, nor may any director, officer or employee purchase or sell another company's securities while in possession of material nonpublic information regarding that company. It is against Company policies and illegal for any director, officer or employee to use material nonpublic information regarding the Company or any other company to obtain profit for himself or herself or directly or indirectly "tip" others who might make an investment decision on the basis of that information.

Known or suspected violations of the law will be investigated and may also result in referrals to regulatory authorities or law enforcement officials for criminal prosecution.

Examples of criminal violations of the law include: misrepresenting products, stealing, embezzling, misapplying corporate or bank funds, using threats, physical force or other unauthorized means to collect money, making a payment for an express purpose on the Company's behalf to an individual who intends to use it for a different purpose; or making payment, whether corporate or personal, of cash or other items of value that are intended to influence the judgment or actions of political candidates, government officials or businesses in connection with any of the Company's activities.

2. Honest and Ethical Conduct

The Company requires that all its directors, officers and employees act in a manner which meets the highest standards of honest and ethical behavior. This includes the obligation to act with integrity and observe the highest ethical standards of business conduct in dealings with the Company's customers, suppliers, partners, service providers, competitors and employees.

3. Financial Reporting and Public Disclosure

The requirement that directors, officers and employees follow the highest ethical standards applies directly to all actions which involve business accounting, financial reporting, internal accounting controls, auditing matters and public disclosure obligations. Full, fair, accurate, timely and understandable disclosure is required in all reports and documents that the Company files with or submits to the Securities Exchange Commission ("**SEC**") and in any other public communications.

Each director, officer and employee who contributes in any way to the preparation of any part of the Company's financial statements and other financial information must ensure that the Company's books, records and accounts are accurately maintained, including by:

- providing the Company's other employees, consultants and advisors with information that is accurate, complete, objective, relevant, timely and understandable;
- achieving responsible use of and control over all assets and resources employed or entrusted to you; and
- recording or participating in the recording of entries in the Company's books and records that are accurate to the best of their knowledge.



Each director, officer and employee who is involved in the Company's SEC disclosure process or other public communications must be familiar with and comply with the Company's disclosure controls and procedures and its internal control over financial reporting. The CEO and each senior financial officer shall promptly bring to the attention of the Audit Committee any information he or she may have concerning (a) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal control.

4. Conflicts of Interest

Any direct or indirect conflict of interest between the Company and any director, officer or employee is prohibited unless otherwise consented to by the Company in writing. A conflict of interest occurs when, as an affiliate of the Company, a director's, officer's or employee's judgment and discretion is or may be influenced by considerations of personal gain or benefit to a third party, whether or not affiliated with the director, officer or employee. Conflicts of interest should be avoided unless specifically authorized as described in Section 7.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with your supervisor or the Compliance Officer. Any director, officer or employee who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor or the Compliance Officer or follow the procedures described in Sections 8-9 of this Code of Conduct.

It is not possible to describe every situation or occurrence that could lead to a conflict of interest between a director, officer or employee and the Company. The following events are intended to describe, by way of example, situations that constitute or could lead to a conflict of interest:

- **Related Party Transactions**

Certain transactions present a heightened risk of conflicts of interest or the perception thereof.

Loans by the Company to, or guarantees by the Company of obligations of, any director or executive officer are expressly prohibited.

Without prior written approval of the Board, no director or executive officer may (i) enter into a transaction or business relationship with the Company or any of its subsidiaries in which such director or executive officer has a direct or indirect financial interest (other than his or her compensation in his or her capacity as a director), or (ii) recommend any third party enter into a transaction or business relationship with the Company or any of its subsidiaries, if such third party has any familial or pre-existing monetary relationship with the director or executive officer, if such director or executive officer has an equity ownership position in such third party, or if such director or executive officer would, directly or indirectly, receive compensation in connection therewith.



Without prior written approval of the Compliance Officer, no officer (other than an executive officer, for whom approval of the Board is required) or employee may (i) enter into a transaction or business relationship with the Company or any of its subsidiaries in which such officer or employee has a direct or indirect financial interest (other than in an employment capacity), or (ii) recommend any third party for work for the Company on a project, transaction or otherwise if such third party has any familial or pre-existing monetary relationship with the officer or employee, if such officer or employee has an equity ownership position in such third party, or if such officer or employee would, directly or indirectly, receive compensation in connection therewith.

Without limiting the foregoing, the Board must review and approve in advance any "related party" transaction, as defined in item 404(a) of Regulation S-K under the Securities Exchange Act of 1934, as amended.

- **Gifts**

Directors, officers and employees should exercise good judgment in accepting any gift (anything of value for which you are not required to pay the retail or usual customary cost, including entertainment) in connection with their employment or association with the Company, including from competitors, customers, suppliers or others having or seeking business with the Company. Specifically, no gift should be offered, given, provided or accepted by any Company director, officer or employee or their affiliates unless it: (i) is not a cash gift, (ii) is consistent with customary business practices, (iii) is not excessive in value, (iv) cannot be construed as a bribe and is not reasonably calculated to influence a decision, and (v) does not violate any laws or regulations. Please discuss with your supervisor or the Compliance Officer any gifts or proposed gifts which you are not certain are appropriate.

- **Business Related Functions**

Participation in business related functions is permitted, including the acceptance of lunches or other meals. However, each director, officer or employee should exercise care to ensure that such functions are necessary and related to the conduct of business on behalf of the Company. If in doubt, the Compliance Officer should be consulted.

- **Outside Business Activities**

As a general rule, the Company does not allow its officers and employees to participate or engage in business outside of their employment with the Company. Participation on a part-time or other basis (including as a consultant) in any business or employment outside the Company is a conflict of interest if the officer's or employee's participation in that business could interfere with his or her ability to devote proper time and attention to his or her duties or employment with the Company or affect his or her independence or judgment. Officers and employees are not permitted to indicate or imply Company sponsorship or support of an outside business activity, without prior written approval.



- **Outside Nonbusiness Activities**

Participation in the activities of a trade association, professional society, charitable institution or governmental institution on a non-compensated basis or holding a part-time public office (with or without compensation) will not generally create a conflict of interest in violation of this Code of Conduct. However, unless the Company's prior consent is obtained, such activities are to be conducted in a manner that does not involve the Company or its assets or facilities, and does not create the appearance of Company involvement or endorsement. If any director, officer or employee is unsure of his or her particular situation, the Compliance Officer should be consulted.

- **Political Contributions**

No employee shall, in his or her capacity as an employee, make any loan, donation, contribution or payment to a political party, candidate or political action committee, for or on behalf of the Company or any project or development in which the Company is engaged, nor shall an employee of the Company reimburse any individual who does. Nothing in this Code of Conduct shall prohibit an employee from taking any of the above actions in his or her name, provided that the action is exclusively on the employee's own accord.

5. Protection and Proper Use of Company Assets.

All directors, officers and employees should protect the Company's assets and ensure their efficient use. All Company assets should be used only for legitimate business purposes. Any suspected incident of fraud or theft should be reported for investigation immediately.

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

6. Misappropriation of Business or Investment Opportunities

All directors, officers and employees owe a duty to the Company to advance its interests when the opportunity arises. Directors, officers and employees are prohibited from taking for themselves personally (or for the benefit of friends or family members) opportunities that are discovered through the use of Company assets, property, information or position. Directors, officers and employees may not use Company assets, property, information or position for personal gain (including gain of friends or family members). In addition, no director, officer or employee may compete with the Company.



7. Waivers of this Code of Conduct

Each of the Board (in the case of conduct involving a director or executive officer) and the Compliance Officer (in the case of conduct involving any other person) may, in its discretion, waive any violation of this Code of Conduct, with any such waiver to be documented in writing. Any waiver for a director or an executive officer shall be disclosed as required by SEC and Nasdaq rules.

8. Reporting and Investigation Procedures

Actions prohibited by this Code of Conduct involving directors or executive officers must be reported to the Board.

Actions prohibited by this Code of Conduct involving anyone other than a director or executive officer must be reported to the reporting person's supervisor or the Compliance Officer.

After receiving a report of an alleged violation of this Code of Conduct, the Board, the relevant supervisor or the Compliance Officer (or his/her designee) will promptly investigate the matter. The investigation will be handled discreetly and appropriately, and the information will be disclosed to others only on a need-to-know basis and as required by law. There will be no adverse action taken, or retaliation permitted, against directors, officers and employees who, in good faith, report violations or suspected violations of this Code of Conduct or who participate in the investigation.

9. Procedures for Submitting Confidential, Anonymous Complaints Regarding Accounting and Auditing Matters

As an alternative to the procedures defined in Section 8, any employee who reasonably believes that there has been a material violation of this Code of Conduct caused by questionable accounting, financial or auditing matters, disclosure matters, potential violations of securities laws or fraud against shareholders, has the right to submit a confidential anonymous complaint to the Compliance Officer. The complaint should be made in written form and provide sufficient information so that a reasonable investigation can be conducted.

The Company has established an ethics and compliance hotline, through a third party provider, that directors, officers, employees, clients, vendors, and others in a business relationship with the Company can use to report alleged violations of this Code of Conduct or other suspicious activity. Violations can be reported by phone utilizing the hotline (610) 692-9689, 24 hours a day, 7 days a week. Reports to the hotline via phone can be made on an anonymous and confidential basis. Reports to the hotline are reviewed by the Audit Committee of the Board.



10. Enforcement of Violations of the Code

If, following the investigation described in Section 8, the Board, relevant supervisor or Compliance Officer, as applicable, concludes that a material violation of the Code of Conduct has occurred, the Company will take prompt, appropriate corrective action.

In the case of a violation by a director or executive officer, the Board will determine appropriate actions to be taken. In the case of a violation by another officer or employee, the Compliance Officer shall determine or designate the persons to determine appropriate actions to be taken.

Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to the Code of Conduct, and may include reassignment, demotion, removal from a position as a director or officer, dismissal as an employee, and, in the event of criminal conduct or other serious violations of the law, notification of appropriate governmental authorities. In determining what action is appropriate in a particular case, the Board, Compliance Officer (or his/her designee) shall take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action; and whether or not the individual in question had committed other violations in the past.