

CODE OF BUSINESS CONDUCT AND ETHICS OF ENERGY RECOVERY, INC.

Dear Energy Recovery, Inc. Colleagues:

Our continued success as a global leader in energy recovery solutions depends upon our commitment to maintain the highest level of quality and integrity in everything we do. This includes conducting business in compliance with all applicable laws and regulations. Our success and reputation depends on each of us conducting business at the highest level of integrity and observance of the spirit and letter of all applicable laws.

We are each responsible for protecting the Company's reputation. Through consistent personal accountability, we protect our accomplishments to date and the future success of our Company. Our Business Conduct and Ethics Code (Code) reflects this commitment. It serves as a guide for your business interactions with our key stakeholders, including customers, business partners, government agencies, fellow employees and shareholders.

We understand that this Code does not offer a solution to every situation you may face. That's why it's imperative for you to ask questions whenever you're unsure about what to do. There are many resources identified in this Code that can assist you, including your supervisor and our Chief Compliance Officer, who are available to answer your questions.

Also, by promptly reporting to your supervisor or the Chief Compliance Officer when you become aware of possible misconduct, you can help us prevent and quickly remedy the matter. If you have any concerns about suspected or actual misconduct, you are expected to do the right thing and immediately notify your supervisor, or the Chief Compliance Officer.

Collectively we succeed when we each do the right thing. Thank you for your commitment to excellence and integrity.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Mao". The signature is fluid and cursive, with the first name "Robert" and last name "Mao" clearly distinguishable.

Robert Mao,
President and CEO, ERI

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I. THE FOUNDATION OF OUR ETHICS & COMPLIANCE PROGRAM

A. Our Values

Energy Resources, Inc. (ERI) conducts business in accordance with all applicable laws, rules and regulations. We adhere to the highest standards of business ethics. This Code summarizes some of the key legal and ethical standards that must govern your business conduct. It will assist you in identifying and avoiding ethical and legal issues. It also explains when you should seek guidance and how to do so when the right thing to do is not obvious.

The Code is founded on the following principles:

- We compete fairly and with integrity in all we do
- We report all our business transactions accurately
- We help fight corruption by never paying bribes and avoiding conflicts of interest
- We promote a professional workplace

These principles are at the core of our business. While this Code cannot address every situation we face in the marketplace, by holding true to these principles our results will consistently be achieved with integrity.

B. Compliance Program Oversight

ERI's Audit Committee of the Board of Directors oversees the Company's Ethics and Compliance Program and the Code. ERI's Chief Compliance Officer supervises and coordinates the administration of these standards companywide.

C. Applicability of the Code

The Code applies to every employee, officer and director. The standards of conduct described in the Code are supplemented by specific ERI policies, such as the Anti-Bribery and Business Travel and Entertainment policies. A list of such key policies is found below. It is your obligation to familiarize yourself with all ERI policies that apply to your job and/or work related activities. Also, in some cases, local laws may impose additional obligations or limits on the Company and/or its employees. In such cases, you must be aware of and comply with those obligations in addition to this Code.

In addition to the obligations set forth in this Code, the Chief Executive Officer and senior financial officers of the Company are subject to additional obligations as described in Appendix A to this Code.

D. Your Responsibilities under the Code

Each of us is accountable for reading, understanding and applying the Code to every aspect of our job and areas of responsibility for ERI. Similarly, you must know and comply with all laws, regulations and Company policies that apply to your job. You are expected to do business using the highest ethical standards.

The Code provides a foundation for ethical business conduct. However, it is not a substitute for good judgment and cannot address every situation you may encounter. If you are ever unsure about what to do in a particular situation, ask yourself these questions:

- Does the action I'm contemplating comply with the Code and other ERI policies?
- Is it legal?
- Should I consult the Chief Compliance Officer or my supervisor before acting?
- How would the person I respect the most view this decision?
- How would it look in the media?
- How would it affect our stockholders?

If you have any doubt about what's right or what you should do, ask questions and report your concerns. If you think that an actual or potential violation has occurred, it's important to come forward and report your concerns immediately.

Misconduct cannot be justified by claiming it was ordered by someone else. No one – regardless of position – has the authority to require you to act in a way that is illegal or violates this Code.

E. Supervisor's Responsibilities under the Code

As a supervisor, you are expected to demonstrate your personal commitment to compliance with this Code. You should promote an environment where employees are comfortable asking questions and reporting concerns. You must also ensure that those you supervise understand their obligations under this Code. Supervisors are expected to develop in employees a sense of commitment to the spirit, as well as the letter, of the Code. Supervisors are also expected to ensure that when working for or on behalf of ERI, all agents and contractors conform to this Code, and the requirements stated in ERI's Supplier Code of Conduct.

Supervisors must be alert to potential violations of this Code within their respective areas of responsibilities. Supervisors must take steps to prevent misconduct from occurring, and report to the Chief Compliance Officer any actual or potential violations

of this Code or applicable laws. However, supervisors are not authorized to investigate conduct that is illegal or violates this Code. Investigations are the responsibility of the Chief Compliance Officer or his designee.

F. Violations of the Code

Violations of the Code will not be tolerated. Any employee who violates the standards in the Code may be subject to disciplinary action, up to and including termination of employment and, in appropriate cases, civil legal action or referral for criminal prosecution.

G. Waiver and Amendments of the Code

A waiver of the Code for ERI executive officers may be granted only by ERI's Audit Committee of the Board of Directors. Any such waiver must be promptly disclosed to ERI's shareholders. Any other waiver must be approved by the Chief Compliance Officer.

Any amendments to this Code, and the reasons therefor, must be disclosed by the Company in a Form 8-K within four business days.

H. No Rights Created

This Code is a statement of certain fundamental principles, policies and procedures that govern the Company's directors, officers and employees in the conduct of ERI's business. Nothing in this Code alters an individual's status as an at-will employee of ERI. This Code is not intended to and does not create any rights for any employee, customer, supplier, competitor, stockholder or any other person or entity.

II. ASKING QUESTIONS & REPORTING CONCERNS

A. Your Duty to Seek Guidance and Immediately Report a Potential Violation

Whenever you are unsure about the right course of action, or if you think that an actual or possible violation has occurred, it's important for you to seek guidance immediately. Most major issues that have befallen a company could have been avoided, if someone had spoken up promptly upon learning about the potential misconduct. Each of you has a duty to report an actual or potential violation of this Code or any applicable law immediately to your supervisor or the Chief Compliance Officer. Your most immediate

resource for any matter related to the Code is your supervisor. There may, however, be times when you prefer not to go to your supervisor. In these instances, you should feel free to contact the Chief Compliance Officer by telephone at 510-746-2561, or via email at wyeung@energyrecovery.com. Supervisors must promptly report any complaints or observations of Code violations to the Chief Compliance Officer or the Chair of the Audit Committee.

You are encouraged to identify yourself when reporting a possible violation. ERI will make every effort to protect your identity if you do so. Alternatively, you can report a suspected violation anonymously by:

- Calling the Hot Line at (800) 775-5863 (US) / (813) 774-5027 (International)
- Submitting a written report through <https://energyrecovery.silentwhistle.com>
- Sending a letter to ERI's Audit Committee Chair at Energy Recovery, Inc., 1717 Doolittle Drive, San Leandro, CA 94577, attention Audit Committee Chair.

Your report should include a description of the violation that you believe occurred, including any information you have about those involved and the time of the violation.

Reports from employees outside the U.S. may be subject to the laws of the country in which the employee works. The Company will handle all reports, including anonymous reports, in accordance with local privacy regulations and other applicable laws.

B. ERI Does Not Tolerate Retaliation

Any individual who in good faith seeks advice, raises a question or reports known or suspected misconduct is doing the right thing. ERI will not tolerate retaliation by anyone, regardless of level or position, against anyone who in good faith reports a potential violation of this Code or the law, participates in an investigation or refuses to engage in a violation of this Code or the law. If you are concerned that you have been retaliated against, you should report the matter immediately to the Chief Compliance Officer. ERI will investigate reports of retaliation as appropriate. Anyone found to have engaged in retaliation may be subject to corrective action, which may include termination of employment.

C. What Happens After a Report Is Made?

After receiving a report, ERI will investigate the matter, as appropriate. Everyone subject to this Code must cooperate in an investigation fully and honestly. Based upon the findings of the investigation, the Company will take corrective action, as appropriate.

III. DOING BUSINESS WITH INTEGRITY

A. Accurate Books & Records

ERI requires timely, honest and accurate recording and reporting of all business related information in compliance with all applicable laws and regulations. We are all responsible for recording clear, accurate and honest information in all Company records that we maintain and/or produce, such as expense reports, financial statements and public disclosure documents. For example, unrecorded or “off the books” funds or assets are prohibited. Moreover, only the true and accurate financial data should be recorded, and business expense accounts must be documented and recorded accurately.

Therefore, all ERI books, records, accounts and financial statements must:

- Accurately reflect the subject transaction;
- Be maintained in reasonable detail;
- Comply with applicable accounting and legal requirements; and
- Comply with ERI’s system of internal controls.

We also require all reports and documents filed with or submitted to the U.S. Securities & Exchange Commission (SEC), or any other government or regulatory agency to be accurate and truthful. ERI and you individually are subject to civil and criminal sanctions for intentional misrepresentation of information submitted to any government agency.

All public communications by ERI or on behalf of ERI must also be accurate and truthful. Internal business records and communications sometimes become public. Therefore, you should avoid derogatory remarks, guesswork, or inappropriate characterization of information, or references to persons or companies in all business records. This requirement applies equally to e-mail, internal memos, and formal reports.

It is important for ERI to learn about possible accounting or audit concerns immediately, so that we can investigate and correct them promptly. When in doubt, speak up. If you have any concerns about questionable accounting or audit matters, you must immediately report the matter to ERI’s Chief Financial Officer or the Chief Compliance Officer. You may submit your concerns anonymously.

Examples of questionable accounting or audit matters include:

- Deliberate error in the preparation or audit of any financial statement record
- False statement or misrepresentations of any information contained in the Company’s financial or audit records or reports
- Noncompliance with the Company’s internal accounting controls

If you are requested to provide, review or certify the accuracy of business information or business records in connection with our disclosure controls and procedures, you must provide the requested information or otherwise respond in a full, accurate and timely manner.

Even in the absence of a specific request, if you have any concerns regarding the accuracy of business information or records, or become aware of information that may impact the accuracy of such information or any certification that you provide, you must immediately notify the Chief Compliance Officer, the President and Chief Executive Officer, the Chief Financial Officer or the Chair of the Audit Committee.

The Company does not tolerate retaliation for good faith reports of accounting or audit concerns.

We also require cooperation and open communication with our internal and external auditors. It is illegal to take any action to fraudulently influence, coerce, manipulate or mislead any internal or external auditor engaged in the performance of an audit of our financial statements.

B. Anti-Bribery Measures

ERI prohibits bribery in every form. You must never authorize, offer or accept a bribe or kickback in any form. This includes bribery of private individuals, as well as bribery of government officials. Bribery and corruption is an abuse of power that involves acting corruptly in exchange for anything of value. Bribery and corruption is bad for business and society. It undermines respect for the law, deprives individuals of vital government services, and contributes to unfair competition and social instability.

When acting on behalf of ERI, you must comply with all applicable anti-bribery laws, including without limitation, the Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and all anti-bribery laws of the countries where we operate. You must never directly or indirectly offer or pay bribes or facilitation payments to anyone. You must not, directly or indirectly, offer or pay anything of value (including without limitation, cash, charitable donations, gifts, entertainment, or travel expenses) to any person, or any government official or employee or agent of any government, government agency, political party, public international organization, or any candidate for political office (collectively "Government Agent") to:

- (i.) improperly influence any act or decision of the Government Agent or anyone for the purpose of promoting ERI's business interests;
- (ii.) attempt to influence any decision by anyone that would assist ERI in obtaining or retaining business or securing any improper business advantage for ERI;
- (iii.) induce any improper performance of responsibilities by any person or Government Agent for ERI's benefit; or

(iv.) otherwise improperly promote the business interests of ERI in any manner.

In addition, employees must not solicit or accept money or any other thing of value directly or indirectly in connection with the performance of any service or other activity on behalf of ERI, other than the employee's lawful wages and/or the reimbursement of reasonable business expenses directly related to your job performance.

To promote compliance with these standards, ERI policy requires you to consult with our Chief Compliance Officer **before you do any of the following**:

- Offering anything of value (such as money, gifts, entertainment or travel) to a foreign (non-U.S.) government official either directly or through an intermediary
- Conducting business (for example, entering into a contract or partnership) with a foreign (non-U.S.) government official.
- Hiring an agent, representative, consultant or other third party to perform work for ERI that may involve making a payment to, or otherwise transacting business with, a foreign (non-U.S.) government official.

When working with agents – especially in a country that has a history of corruption – you must immediately report any of the following situations to the Chief Compliance Officer:

- An agent refuses to certify that he/she will follow anti-corruption laws
- An agent has family or business ties to a government official
- A potential government customer requests a particular agent
- Excessive commissions or “success fees”
- An agent requests payment in cash or in an account in another country
- An agent's invoice is false, misleading or incomplete
- An agent lacks the resources or skills to perform the services
- An agent requests a payment to “get the job done” or “maintain good relations”

Compliance with this policy and U.S. and international anti-corruption laws is mandatory. Failure to do so may subject ERI and you personally to criminal and civil liability, and you to disciplinary action, including termination.

To promote compliance with ERI's Anti-Bribery Policy, ERI has established specific General Ledger accounts that must be used to record transactions regarding, among other things, business and travel related expenses for Government Agents, license and permit fees, political donations and sponsorships. All transactions falling into one of the General Ledger accounts must be pre-approved by Chief Compliance Officer. A payment to a supplier, vendor or any third-party involving one of these types of transaction cannot be made unless the Chief Compliance Officer has pre-approved the transaction. Moreover, ERI's Accounts Payable team will not process an invoice for payment regarding such a transaction without the required approval of the Chief Compliance Officer. For a list of the accounts and other related information, refer to ERI's Anti-Bribery Policy.

You must immediately report within 24 hours to ERI's Chief Compliance Officer any suspected or potential violation of applicable anti-bribery laws, the provisions of the Code or ERI's Anti-Bribery Policy.

For additional information regarding ERI's Anti-Bribery Policy please review the policy located on the Company's intranet site.

C. Avoiding Conflicts of Interest

You are expected to act in ERI's best interests and to avoid situations that create an actual or potential conflict of interest. A conflict of interest arises when a personal interest interferes with your ability to make sound, objective business decisions on behalf of ERI. Even the appearance of a conflict can be harmful to the Company.

This section addresses some of the most common situations that can create a conflict of interest, including disclosing potential conflicts of interest, gifts and entertainment, financial interests in other companies, providing services to other companies, working with family members and competing with ERI or its divisions. As in all matters, if you are not sure whether a particular action is the right thing to do, you should seek guidance from your supervisor or ERI's Chief Compliance Officer.

Questions regarding potential conflicts of interests or appropriation of business opportunities involving the President and Chief Executive Officer, Chief Financial Officer, Corporate Counsel or any member of the Board of Directors should be discussed with the Chair of the Audit Committee, and must be reviewed by the Audit Committee.

(i.) Disclosure of Potential Conflicts of Interest

ERI requires all employees to complete a Conflict of Interest Disclosure annually. In addition to the annual disclosure, if you have an actual or potential conflict of interest or face a situation where it may reasonably appear that a conflict of interest exists, you must complete a Conflict of Interest Disclosure and submit it for review by ERI's Chief Compliance Officer. Completion of a disclosure and approval by ERI's Chief Compliance Officer does not otherwise exempt you from complying with the requirements of this Code. Also, in its discretion, ERI may revoke prior authorizations and you may be required to discontinue previously approved activities.

(ii.) Employment or Supervision of a Related Party

ERI generally supports the employment of spouses, children, parents, significant others and domestic partners of employees (Related Party). However, without review by ERI's Chief Compliance Officer, you may not hire, or manage any Related Party as an employee or as a leased worker or contractor, where the Related Party or you:

- Audits, deposits, receives, verifies, or would be entrusted with monies received or handled by the other;

- Exercise(s) any direct or indirect influence with respect to the other's hiring, placement, promotions, evaluations, pay or work assignments;
- Report(s) directly to the other; or
- Would have any other actual or apparent conflict of interest. For example, supervisors also must not date employees in their reporting structure, or have any relationship which calls into question their objectivity in making decisions on behalf of ERI.

If you have any question whether a conflict exists, treat the situation as if there is a conflict until you have disclosed and resolved the issue. Failure to disclose to your supervisor or Chief Compliance Officer the existence of actual or potential conflict of interest may subject you to disciplinary action, up to and including termination of employment.

(iii.) Financial Interests in Other Companies

A conflict of interest can also arise if you have a financial interest or investment in an ERI business partner, competitor or vendor. You should avoid outside financial interests and investments that might influence your decisions or actions as an ERI employee. It is your obligation to ensure that your investments in – or relationships with – other companies do not cause a real or apparent conflict between ERI's interests and your personal interests. For example, you are prohibited from investing in a company if you can influence ERI's decision to do business with that company. Similarly, you cannot be involved in any business decision concerning a company in which you, a member of your immediate family or member of your household has a financial interest.

If you are an officer or director, you must obtain written pre-approval from ERI's Chief Compliance Officer before making an investment in any business partner or competitor company. Regardless of your position, you cannot invest in a company if, by virtue of your job at ERI or its divisions, you have access to inside information about that company.

For additional information consult ERI's Conflict of Interest Policy.

(iv.) Gifts, Meals and Entertainment

The laws governing gifts, meals and entertainment vary depending upon, among other things, who is the recipient. ERI's Anti-Bribery Policy requires you to obtain written pre-approval from the Chief Compliance Officer **before offering anything of value** to any person employed with any government agency, government owned business or an agent thereof. In addition, before offering to or accepting from anyone a gift, meal or entertainment that does not strictly comply with this Code or ERI's Conflict of Interest Policy, you must obtain pre-approval from the Chief Compliance Officer. Subject to these requirements, and those below, an appropriate gift, meal or entertainment, may

be offered or accepted if it is reasonable in value, infrequent, and for a legitimate business purpose.

The exchange of a modest gift, meal, or entertainment may be an appropriate way to build goodwill with those with whom we do business. However, a conflict of interest may arise, if a gift, meal or entertainment is lavish, or is offered or accepted to influence a business decision or secure an improper business advantage for ERI. Therefore, ERI prohibits you from offering or accepting any gift, meal, entertainment, or other benefit to or from anyone if it:

- Is cash or a cash equivalent (such as gift certificates or gift cards)
- Influences or appears to influence the recipient's ability to make a fair and unbiased business decision
- Is excessive in value
- Creates the expectation that the giver will receive something of value in return
- Is not related to a legitimate business purpose
- Is provided directly to your Related Party or a Vendor's Related Party
- Does not otherwise comply with ERI policy or the law

For additional information consult ERI's Conflict of Interest Policy.

(v.) Investments in Other Companies

An ERI employee may not participate in or influence any ERI business decision with respect to companies in which you or a related party has an interest if you or a related party stands to gain a direct benefit as the result of such decision. Therefore, you and your Related Parties cannot have an investment interest in another company if it:

- Arises out of your employment with ERI, or use of ERI property or information;
- May impair your ability to make objective decisions on behalf of ERI; or
- Conflicts, or reasonably appears to conflict with, the best interests of ERI.

You also may not be involved in an ERI business decision regarding a company in which you or your Related Party manage or hold any interest that is:

- Greater than 1 percent of the outstanding stock of the company; or
- Large enough in absolute dollars or as a percentage of your net worth that it creates or reasonably appears to create a conflict of interest.

These investment restrictions do not apply to investments through mutual funds, index funds, and similar pooling of securities when the individual investor has no influence over which investments are included in such fund.

(vi.) Loans

Loans to, or guarantees of obligations of, employees or their family members by ERI could constitute an improper personal benefit to the recipient of the loan or guarantee,

depending on the facts and circumstances. Some loans are expressly prohibited by law, including the U.S. Sarbanes Oxley Act of 2002. Applicable law requires that our Board of Directors approve all loans and guarantees to employees. As a result, all loans and guarantees by the Company must be approved in advance by the Audit Committee.

(vii.) Outside (Non-ERI) Employment

In your non-working hours, you may wish to perform services for another company, such as helping a family member's business or serving on a board of directors. Any outside service or employment ("Outside Employment") cannot conflict with your duties to ERI. Therefore, before commencing such activity, it must be disclosed to the ERI Chief Compliance Officer to enable ERI to determine if the Outside Employment presents an actual or apparent conflict of interest. If, within ERI's sole discretion, ERI determines that the Outside Employment presents an actual or apparent conflict of interest, you will be requested to refrain from such Outside Employment if you desire to remain employed with ERI. For additional information consult ERI's Conflict of Interest Policy.

(viii.) Use of ERI Resources

ERI resources should only be used for ERI's benefit. You are prohibited from using any ERI resources, property, information or your position for personal gain or to compete with the Company in any way. In addition, you are prohibited from taking for yourself (or directing to a family member or a third party) any business opportunity presented to you or discovered by you as a result of your position with ERI, or through your use of any Company resource, property or information. Even opportunities acquired privately by you may be prohibited if they are related to our existing or proposed lines of business. Participation in an investment or outside business opportunity that is related to our existing or proposed lines of business must be pre-approved in writing by the Chief Compliance Officer.

(ix.) Waiver of a Conflict of Interest

Any waiver of a conflict of interest for certain Executive Officers (CEO, CFO and Chief Accounting Officer) may be made only by the Board of Directors or a Board committee after review by the Chief Compliance Officer and must be promptly disclosed to the public. Any waivers of a conflict of interest for other employees must be approved by ERI's Chief Compliance Officer.

D. Compliance with Applicable Laws & Regulations

You are expected to comply with the applicable laws in all countries where ERI does business and to which you travel for ERI business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. The fact that in some countries certain laws are not enforced or that violation of those laws is not subject to public criticism will not be accepted as an excuse for noncompliance. In addition, we expect employees to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the U.S. These U.S. laws, rules and regulations, which extend to all our activities outside the U.S., include, among others:

- Anti-boycott Compliance, which prohibits U.S. companies from taking any action that has the effect of furthering or supporting a restrictive trade practice or boycott that is fostered or imposed by a foreign country against a country friendly to the U.S. or against any U.S. person, and requires the reporting of any boycott receipts. If you have a question as to whether an activity is restricted or prohibited, seek assistance before taking any action, including giving any verbal assurances that might be regulated by international laws;
- Anti-money laundering laws (Money laundering is the process of converting illegal monetary proceeds to funds made to appear legitimate, that can thereby enter the stream of commerce. Money laundering is not limited to cash transactions, and can include monetary instruments and other proceeds of illicit activity. Terrorist financing includes the financing of terrorists, terrorist acts and terrorist organizations. Terrorist financing may involve proceeds from both illegitimate and legitimate sources.

ERI and its employees must act diligently to prevent our products and services from being used to further money laundering and terrorist financing and to detect suspicious activity in accordance with relevant laws and regulations. We are committed to combating money laundering, terrorist financing and other financial crimes to the fullest extent permitted by law. If you observe or suspect that any transaction may involve an attempt to conceal the true source of funds, the nature of the funds or otherwise raise suspicions regarding money laundering or terrorist financing, immediately contact ERI's Chief Compliance Officer.);

- Export Controls, which prohibit or restrict the export of goods, services and technology to designated countries, denied persons or denied entities from the U.S., the re-export of U.S. origin goods from the country of original destination to such designated countries, and the export of foreign origin goods made with U.S. technology;
- FCPA (see ERI Anti-Bribery Policy); and
- The laws and regulations administered by the U.S. Office of Foreign Asset Controls (OFAC), which includes regulations implementing U.S. trade sanctions and embargo programs against specific countries, terrorists and international drug traffickers. ERI complies with the restrictions established by the OFAC lists of countries, entities and persons with whom ERI cannot do business, (including,

for example, Angola, the Balkans, Burma, Iran, Liberia, North Korea, Sudan, Syria and Zimbabwe), or being involved in specific activities such as certain diamond trading and proliferation activities. (For more information contact the Chief Compliance Officer.)

A violation of applicable law or regulation could subject ERI, and you individually, to civil and/or criminal liability, including fines, sanctions and/or incarceration.

E. Insider Trading is Illegal and Prohibited

U.S. securities laws make it illegal for those with material, nonpublic information to buy or sell securities (e.g., stocks, bonds, options). Violation of these laws may result in civil or criminal penalties.

“Material information” means information that a reasonable investor would likely consider important in deciding whether to buy, sell, or hold a security. Material, nonpublic information might include, for example:

- Changes in financial forecasts or results
- Change in senior management
- Introduction of an innovative new product.
- Product information
- Planned securities offerings
- Proposed acquisitions, mergers, joint ventures or divestitures
- Significant new contracts
- Strategic plans or information about significant changes or developments at ERI or a company that does business with ERI

“Nonpublic information” means information ERI has not disclosed to the public.

No “Tips” - The rule against insider trading also applies to people outside of ERI who get information from one of our employees (an employee’s spouse, friends, broker, etc.). This means that you should never give someone inside or outside the Company a “tip” regarding material, nonpublic information, including discussions in “chat rooms.”

The government takes securities law violations very seriously and may prosecute even when the dollar amount involved was small or the “tipper” made no profit at all (or lost money). Government agencies routinely monitor trading activities for violations of law.

Material, nonpublic information can also be information you obtained during the course of your work about another company – for example, from a customer or supplier. You cannot trade in the securities of such a company if you have material, nonpublic information about it.

Employees (and outsiders they are associated with) who have material, nonpublic information can lawfully trade in the market once the information is made public through

established channels and enough time has passed for the information to be absorbed by the public.

Certain ERI executive officers are “Section 16” Insiders and certain employees who routinely have access to material, nonpublic information are “Insider Employees.” Stricter obligations apply to Section 16 Insiders as well as Insider Employees. An Insider Employee or a Section 16 Insider must always obtain written pre-clearance in and may only trade ERI securities during designated “window” periods.

For additional information refer to ERI’s Insider Trading Policy or contact the Chief Compliance Officer.

F. Promoting Fair Competition

Antitrust laws are designed to protect the competitive process. These laws generally prohibit:

- Agreements, formal or informal, with competitors that harm competition or customers, including price fixing and allocations of customers, territories or contracts;
- Agreements, formal or informal, that establish or fix the price at which a customer may resell a product; and
- Acquisition or maintenance of a monopoly or attempted monopoly through anticompetitive conduct.

Certain kinds of information, such as pricing, production and inventory, should not be exchanged with competitors, regardless of how innocent or casual the exchange may be and regardless of the setting, whether business or social. The applicable antitrust and unfair competition laws of the various jurisdictions where we do business can be complex. Therefore, you should seek guidance from the Chief Compliance Officer whenever you have a question regarding such laws.

In addition, we seek to outperform our competition fairly and honestly. We achieve competitive advantages through superior performance, never through unethical or illegal business practices. 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. You must respect the rights of and deal appropriately with our customers, suppliers, and competitors. No unfair advantage should be taken of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair or improper business practice.

IV. PROMOTING A PROFESSIONAL WORKPLACE

A. Anti-Discrimination & Harassment

The diversity of our employees is a great 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. Derogatory comments based on racial or ethnic characteristics, unwelcome sexual advances and similar behavior are prohibited, as are retaliatory acts against individuals for raising claims of discrimination or harassment. For additional information refer to ERI's policies against discrimination and harassment or contact the Vice President of Human Resources.

B. Promoting a Healthy & Safe Workplace

ERI strives to provide a safe and healthy work environment. Each of us shares the responsibility for maintaining a safe and healthy workplace by following safety and health rules and practices and reporting accidents, injuries, unsafe equipment and any other unsafe practices or conditions. Violence and threatening behavior are not permitted. Further, misusing controlled substances or selling, manufacturing, distributing, possessing, using or being under the influence of illegal drugs on the job is absolutely prohibited.

V. PROTECTION AND PROPER USE OF ERI ASSETS

A. Protecting ERI Assets

We each have a duty to protect and make only legitimate use of our Company's assets, including physical assets, confidential Company information and electronic assets, including without limitation, email, cellular phones, and laptop computers. You must also protect and only use as authorized all ERI physical assets, including ERI equipment, facilities, funds, product and supplies from damage, loss or misuse, or theft.

You must report any suspected damage, misuse or theft of ERI assets to your manager or the Chief Compliance Officer immediately. We recognize that occasional limited personal use of certain company equipment is sometimes appropriate when done in accordance with Company policy and applicable laws. However, such incidental use cannot interfere with your ability to perform your job duties for ERI. Moreover, you must never use ERI's assets for personal gain, such as for non-ERI business activity or solicitation.

B. Protecting ERI Confidential Information

You must safeguard our Company's confidential, non-public information. Generally, this includes any information that has not been disclosed or made available to the general public, such as business plans, engineering and manufacturing ideas, designs, databases, records, financial or technical data, plans for acquisitions or divestitures, marketing strategies, contracts, financing transactions, and significant corporate developments, as well as any non-public information that might be of use to competitors.

or harmful to us, our customers, or our partners if disclosed. Confidential information also includes personally identifiable information pertaining to our employees, customers, or other individuals (including, for example, names, addresses, telephone numbers and social security numbers), and similar types of information provided to us by our customers, suppliers and partners.

All employees are required to sign a Confidentiality and Inventions Assignment Agreement as a condition of employment. You must also be careful not to inadvertently disclose confidential information. Materials that contain confidential information, such as memos, notebooks, computer disks and laptop computers, must be stored securely. Unauthorized disclosure of any information concerning ERI's business, information or prospects is prohibited.

You may not discuss ERI's confidential information in any "chat room," regardless of whether you use your own name or a pseudonym. You must also be careful to avoid unauthorized disclosure when discussing sensitive information in public places like elevators, airports, restaurants and "quasi-public" areas within the Company, such as lunch rooms. For additional information refer to ERI's Social Media Policy.

All Company emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of ERI, except where required for a legitimate business purpose. Unauthorized use of confidential information is prohibited and may be illegal, resulting in civil and even criminal penalties. In addition to the above responsibilities, if you are handling information protected by any privacy policy published by us, such as our website privacy policy, then you must handle that information solely in accordance with the applicable policy.

Confidential, non-public information may only be disclosed to authorized employees or in some cases ERI's agents that have a need to know this information for appropriate business purposes. You must obtain pre-approval from the Chief Compliance Officer, before any disclosure of confidential information to a non-ERI employee, officer or director.

C. Response to Media and Analyst Inquiries

You must never use confidential, non-public information regarding ERI for personal gain or disclose it to others for their gain. It is our policy to disclose material information concerning the Company to the public only through specific limited channels to avoid inappropriate publicity and to ensure that all those with an interest in the company will have equal access to information. Only the Chief Financial Officer is authorized to respond to requests for information that shareholders, analysts and the media may require. Therefore, all such inquiries must be directed to the office of the Chief Financial Officer.

D. Protecting ERI Intellectual Property

ERI's intellectual property, whether licensed or owned, is among its most valuable assets. ERI intellectual property includes anything you create on company time, at ERI's expense or within the scope of our job duties. To the extent permitted by law, ERI owns the rights to anything you create through your work for ERI regardless of whether such property is subject to patent or able to be protected by copyright, trade secret or trademark. ERI intellectual property includes, among other things, our copyrighted information, patents, trademarks, trade secrets, design rights, business processes and production methods.

E. Protecting ERI Technology

You must protect ERI's computer hardware, software, and data stored on ERI computer systems, from unauthorized use or access, damage, alteration, and theft. Therefore, you must follow the internal controls and security measures in place for the computer systems to which you have access. You are also required to use these resources in a responsible, ethical and, lawful. Therefore, you we may never use company technologies (including laptops, mobile tablets, and smartphones) or computer systems to download or send inappropriate, harassing, discriminating, sexually explicit or offensive statements or materials. In addition, you are strictly prohibited from using these systems to access illegal material, send unauthorized solicitations or conduct business for another company or person. Remember that electronic messages (such as emails and text messages) and posts on public forums (such as blogs and social networking sites) are permanent, transferable records of your communications and can affect the reputation of our company. You should exercise additional caution and judgment when drafting any such items. When using ERI resources, subject to applicable law, your electronic communications may be monitored, disclosed and/or used for company purposes.

F. Protecting Third-Party Property

You must respect the intellectual property belonging to a third party and cannot infringe upon the intellectual property rights of others. You may only use authorized software properly licensed by ERI on Company owned computers. You should safeguard confidential, non-public information of our customers, suppliers and other business partners that you obtain through your work for ERI. In addition, you cannot disclose any confidential, non-public information belonging to a former employer to anyone within ERI. If you are asked to do so, please report the matter to the Chief Compliance Officer immediately.

G. Misuse of Company Computer Equipment

You may not, while acting on behalf of the Company or while using our computing or communications equipment or facilities, either:

- Access the internal computer system (also known as “hacking”) or other resource of another entity without express written authorization from the entity responsible for operating that resource. (If you receive authorization to access another entity’s internal computer system or other resource, you must make a permanent record of that authorization so that it may be retrieved for future reference, and you may not exceed the scope of that authorization.); or
- Commit any unlawful or illegal act, including harassment, libel, fraud, sending of unsolicited bulk email (also known as “spam”) in violation of applicable law, trafficking in contraband of any kind, or espionage.
- Transmit unsolicited bulk email to persons outside of the Company, either while acting on our behalf or using our computing or communications equipment or facilities, without written pre-approval of the Chief Compliance Officer.

H. No Expectation of Privacy in Use of ERI Electronic Systems and Devices

All data residing on or transmitted through ERI’s computing and communications facilities, including email and word processing documents, is the property of the Company and subject to inspection, retention and review by the Company in accordance with applicable law. Employees should have no expectation of privacy in information transmitted on any system or device provided or maintained by ERI, including email, text messages, voicemail or telephone communications. In accordance with applicable law, ERI retains the right within its sole discretion to access, review, monitor and disclose any information transmitted, received or stored using our electronic equipment or systems, without an employee’s or third party’s knowledge, consent.

VI. YOUR DUTY TO COOPERATE WITH AUDITS & INVESTIGATIONS AND PRESERVE BUSINESS RECORDS

A. Audits and Investigations

ERI cooperates with audit, lawful government inquiries and investigations. However, it is important to protect ERI’s legal rights. Therefore, requests from government agencies, including, but not limited to, court orders, search warrants, subpoenas, and other legal processes, must be immediately provided to ERI’s Corporate Counsel.

You must provide all information requested in any audit, government investigation or an investigation conducted by ERI (whether internal or external). You are required to cooperate in an audit or investigation and must not:

- Destroy records, information or evidence related to an audit or investigation;
- Disclose the fact or details of an audit or investigation to unauthorized persons;

- Interfere with, impede or obstruct an audit or investigation;
- Lie, misrepresent the facts, or fail to disclose facts, during an audit or investigation;
- Try to discover the identity of anyone cooperating in an audit or investigation; or
- Retaliate against others (including witnesses) because of their involvement.

B. Records Retention

Business records should always be retained or destroyed according to the Company's record retention policies. Inappropriate access or modifications to, or unauthorized destruction of, accounting or other business records is prohibited. These prohibitions apply to all business records and data, regardless of whether such data and records are in written form or electronically stored. You are instructed to refrain from destroying or discarding any records without the prior consent of the Corporate Counsel in the event it relates to a subpoena or a pending, imminent or contemplated litigation or government investigation related to the records in question. If you learn of the existence of a subpoena or a pending, imminent or contemplated litigation or government investigation involving the Company, contact the Corporate Counsel and cease all document destruction. In such case, a written legal hold will typically be issued by the Corporate Counsel. All information subject to a legal hold must be preserved until written notice that the legal hold has been lifted is provided to you by the Corporate Counsel.

VI. COMPLIANCE RESOURCES

A. ERI Resources to Contact for Guidance

If you have questions regarding the Code or the ERI Policies referenced in this Code, the following resources are available to answer your questions:

- Chief Compliance Officer by telephone at 510-746-2561, or via email at weung@energyrecovery.com.
- ERI Hot Line at 844-840-6661
- Submitting the online form at:
<https://secure.ethicspoint.com/domain/media/en/gui/54369/index.html>
- Your Supervisor
- Chief Executive Officer
- Chief Financial Officer
- Chief Accounting Officer
- Chair of Audit Committee

B. ERI Policies Referenced in this Code

You are responsible for knowing the law and policies referenced in this Code that pertain to your job duties and responsibilities as an ERI employee or representative. In addition, to comply with this Code you should carefully review the following policies referenced in this Code which can be found on the Company's intranet site:

- Anti-Bribery Policy
- Anti-Discrimination & Harassment Policy
- Business Travel and Entertainment Policy
- Conflict of Interest Policy
- Insider Trading Policy
- Social Media Policy

LEGAL NOTICE

ERI reserves the right to revise this Code of Conduct ("Code") and its Corporate Ethics and Compliance Program at any time. Nothing in this Code constitutes a contract, promise or guarantee of continued employment. This Code does not create any contractual or other rights for any employee, shareholder, supplier or any other person. Employment with ERI is "at-will" unless the employee has an existing written contract signed by ERI's Chief Executive Officer. No one has authority to modify or change a person's status as an "at-will" employee except ERI's Chief Executive Officer, and then only in a written document captioned "Employment Contract."

APPENDIX A

ADDITIONAL CONDUCT AND ETHICS POLICIES FOR THE CHIEF EXECUTIVE OFFICER AND SENIOR FINANCIAL OFFICERS

The Company has a Code of Business Conduct and Ethics (the "Code") applicable to all directors, officers and employees of the Company. The Chief Executive Officer and all senior financial officers, including the Chief Financial Officer and all principal accounting officers, are bound by the provisions set forth therein. In addition to the Code, the Chief Executive Officer and senior financial officers are subject to the following additional specific policies:

1. The Chief Executive Officer and all senior financial officers are responsible for full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the Company with the U.S. Securities and Exchange Commission. Accordingly, it is the responsibility of the Chief Executive Officer and each senior financial officer to promptly bring to the attention of the Chair of the Audit Committee any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings or otherwise assist the Audit Committee in fulfilling its responsibilities as specified in the Audit Committee Charter.
2. The Chief Executive Officer and each senior financial officer shall promptly bring to the attention of the Chair 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 theft or fraud, whether or not material, that involves affiliates who have a significant role in the Company's financial reporting, disclosures or internal controls.
3. The Chief Executive Officer and each senior financial officer shall promptly bring to the attention of the Chair of the Audit Committee any information he or she may have concerning any violation of the Code or of these additional policies, including any actual or apparent conflicts of interest between personal and professional relationships, involving any affiliate who has a significant role in the Company's financial reporting, disclosures or internal controls.
4. The Chief Executive Officer and each senior financial officer shall promptly bring to the attention of the Chair of the Audit Committee any information he or she may have concerning evidence of a material violation of the securities or other laws, rules or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof. The Board of Directors shall determine, or designate appropriate persons to determine appropriate actions to be taken in the event of violations of the Code or of these additional policies by the Chief Executive Officer and the Company's senior financial officers. Such actions shall be reasonably designed to

deter wrongdoing and to promote accountability for adherence to the Code and to these policies, and shall include written notices to the individual involved that the Board has determined that there has been a violation, censure by the Board, demotion or re-assignment of the individual involved, suspension with or without pay or benefits (as determined by the Board) and termination of the individual's employment. In determining what action is appropriate in a particular case, the Board of Directors or such 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.