

CRITICAL PATH, INC. CODE OF ETHICS AND BUSINESS CONDUCT FOR EMPLOYEES, OFFICERS AND DIRECTORS

INTRODUCTION

The purpose of this Code of Ethics and Business Conduct (“Code”) is to provide guidance and a baseline code of conduct by which all employees and directors are expected to act. The policies and guidelines established in the Code apply to all Critical Path employees and our Board of Directors. The effective date of this Code is February 1, 2004.

Critical Path expects ethical conduct from all of its employees and directors. Your full compliance with this Code is mandatory. You are expected to participate in and foster a culture of transparency, integrity and honesty in Critical Path. For guidance with respect to issues not addressed in this Code, employees are directed to Critical Path’s Human Resources department or Intranet, Human Resources Section, for copies of Critical Path’s policies on a wide range of issues that arise in the course of service with Critical Path. For example, Critical Path’s Policy Against Harassment, which applies to all employees, provides specific guidelines for interaction among employees.

This Code addresses specific issues to ensure compliance with U.S. laws and regulations, with the local laws in foreign countries, with customer requirements and general good business practices, and includes:

- Conflicts of Interest
- Accurate Periodic Reports
- Compliance with Laws, Rules and Regulations (including Gifts, Bribes and Kickbacks; Fair Dealing; Fair Competition and Antitrust Laws; Securities Trading)
- Retention of Business Records
- Improper Use or Theft of Property
- Confidential Information
- Reporting Violations and Enforcement of the Code and
- Amendments to and Waivers of the Code.

Critical Path will make every effort to provide compliance information to all employees, and to respond to all inquiries. No educational and training program, however comprehensive, can anticipate every situation that may present compliance issues. Responsibility for compliance with this Code, INCLUDING THE DUTY TO SEEK GUIDANCE WHEN IN DOUBT, rests with you.

Conflicts of Interest

As an employee or director of Critical Path, it is imperative that you avoid any interest or association that interferes, or appears to interfere, with your independent exercise of judgment in Critical Path’s best interests. You may not exploit your position or relationship with Critical Path for personal gain. For example, there is a likely conflict of interest if you:

- Cause Critical Path to engage in business transactions with your relatives or friends;

- Use nonpublic Company, client or vendor information for personal gain by you, relatives or friends (including securities transactions based on such information);
- Have a financial interest in Critical Path's vendors, clients or competitors;
- Receive any payments or gifts, other than gifts of nominal value, from any third party as a result of your position with Critical Path; or
- Compete, or prepare to compete, with Critical Path while still employed by Critical Path.

There are other situations in which a conflict of interest may arise. It is not possible to list all conflicts of interest. Ultimately, it is the responsibility of each individual to avoid any situation that could appear to be a conflict of interest. If you have concerns about any situation, follow the steps outlined in the section below on "*Reporting Violations.*" Engaging in any conduct that represents a conflict of interest is strictly prohibited.

Set forth below is specific guidance for some areas of potential conflict of interest that require special attention.

A. Investments by Employees and Directors in Private Companies with which Critical Path Has an Actual or Expected Future Business Relationship

Due to the potential conflict of interest, it is Critical Path's policy that Critical Path employees obtain the prior approval of the Legal Department or Chief Financial Officer (CFO) before investing in a private company with which Critical Path has an actual or expected future business relationship. If an employee has an existing investment in a company with which Critical Path subsequently develops an actual or expected future business relationship, such employee must notify the Legal Department of the investment. These rules also apply to members of Critical Path's Board of Directors. The Nominating and Corporate Governance Committee of the Board will review any investments by Board members in companies with which Critical Path has an actual or expected future business relationship.

B. Participation by Employees on Boards of Directors of Outside Companies

It is Critical Path's policy that Critical Path employees may only serve on outside boards or supervisory boards with notice to the Legal Department and the consent of the CFO.

1. Employees Serving on Outside Boards due to Critical Path's investment and/or at Critical Path's request. Critical Path may request that an employee serve on the board of directors of an outside company with which Critical Path has a relationship. Such request may arise due to the fact that Critical Path has made an investment in the outside company. In any event, it is Critical Path's policy that if compensation is offered to the employee for such service (e.g., cash or stock options), the employee must request that such compensation be provided directly to Critical Path, not the individual. Where this is not possible, then the employee should decline to receive the compensation. The purpose of this policy is to avoid any actual or apparent conflict of interest.
2. Employees serving on outside boards independent of Critical Path's investment or request (i.e., in their personal capacity). Employees may be offered the opportunity to serve on outside boards of directors in their personal capacity (i.e., not due to Critical Path's investment or involvement). This offer often times arises due to the employee's knowledge of the industry and therefore, will likely involve information the employee has worked on/is working on at Critical Path. It is Critical Path's policy that all employees notify the Legal Department and obtain approval from their supervisors and the CFO before accepting an offer to serve

on boards of directors. In addition, if the outside company is publicly traded or is a technology company (public or private), the approval of Critical Path's Chief Executive Officer is also required. If the employee is a Section 16 Officer of Critical Path, then Critical Path's Board of Directors must also approve this activity.

Employees, consultants and directors are prohibited from taking for themselves personally any opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. In addition, no employee, director or consultant may use corporate property, resources, information, or position for improper personal gain. Employees, consultants and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

Accurate Periodic Reports

Full, fair, accurate, timely and understandable disclosures in Critical Path's periodic reports to the public and to governmental authorities are legally required and are essential to the success of our business. You should exercise care in contributing to or preparing such reports in accordance with the following guidelines:

- All Critical Path accounting records, as well as reports produced from those records, must be in accordance with the laws of each applicable jurisdiction.
- All records must fairly and accurately reflect the transactions or occurrences to which they relate.
- All records must fairly and accurately reflect, in reasonable detail, Critical Path's assets, liabilities, revenues and expenses.
- Critical Path's accounting records must not contain any false or intentionally misleading entries.
- No transactions should be intentionally misclassified as to accounts, departments or accounting periods.
- All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.
- No information should be concealed from the internal auditors or the independent auditors.

Compliance with Critical Path's system of internal accounting controls is required.

Laws and Regulations

As a U.S.-based company with international operations, Critical Path is subject to laws and regulations both in the U.S. and abroad. You are expected to comply with both the letter and spirit of all applicable governmental laws, rules and regulations governing Critical Path's operations. If you fail to comply with this Code or with any applicable laws, you will be subject to disciplinary measures, up to and including immediate termination from Critical Path.

Gifts, Bribes and Kickbacks. Other than for modest gifts given or received in the normal course of business (including travel or entertainment), neither you nor your relatives may give gifts to, or receive gifts from, Critical Path's clients or vendors. Other gifts may be given or accepted only with prior approval of your supervisor or the Legal Department and in no event should you put Critical Path or yourself in a position that would be embarrassing if the gift were to be made public.

Dealing with government employees is often different from dealing with private persons. Many governmental bodies strictly prohibit the receipt of any gratuities by their employees, including meals and entertainment. You must be aware of and strictly follow these prohibitions or limitations. Any employee or director who pays or receives bribes or kickbacks will be immediately terminated and reported as warranted to the appropriate authorities. A kickback or bribe includes any item intended to improperly obtain favorable treatment.

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.

Fair Dealing. No Critical Path employee, director or officer should take unfair advantage of anyone through manipulation, concealment, misrepresentation of material facts or any other unfair-dealing practice.

Fair Competition and Antitrust Laws. Critical Path must comply with all applicable fair competition and antitrust laws. These laws attempt to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition. If you are uncertain whether a contemplated action raises unfair competition or antitrust issues, the Legal Department can assist you.

Securities Trading. If you have material, nonpublic information regarding Critical Path, it is Critical Path's policy that neither you, nor any member of your immediate family or person living in your household, may buy or sell securities of Critical Path or engage in any other action to take advantage of, or pass on to others, that information. This policy also applies to trading in the securities of any other company, including our customers and suppliers, if you have material, nonpublic information about that company which you obtained in the course of your employment with Critical Path. If you are uncertain, the Legal Department can assist you. You should consult Critical Path's Insider Trading Policy for more specific rules and regulations regarding securities trading. It is your responsibility to read and understand Critical Path's Insider Trading Policy and know your obligations under it. If you have any questions after your review of the Insider Trading Policy, you should contact the Legal Department.

Retention of Business Records

Critical Path's business records must be maintained for the periods specified in Critical Path's record retention policy or the more specific policies of your business unit. Records may be destroyed only at the expiration of the pertinent period. In no case may documents involved in a pending or threatened litigation, government inquiry or any other official proceeding under subpoena or other information request, be discarded or destroyed (either directly or indirectly), regardless of the periods specified in the record retention policy.

Improper Use or Theft of Property.

Every employee must safeguard Critical Path's property from loss or theft, and may not take such property for personal use. Company property includes confidential information, software, computers, office equipment and supplies. You must appropriately secure all Company property within your control to prevent its unauthorized use. Employees may make limited non-business use of Critical Path's electronic communications systems (telephone and e-mail), provided that such (i) is occasional, (ii) does not interfere with the employee's professional responsibilities, (iii) does not diminish productivity, and (iv) does not violate this Code.

Confidential Information

Critical Path Confidential and Proprietary Information. Critical Path's business depends on maintaining the confidentiality of Critical Path's proprietary information. Proprietary and confidential information, among other things, can include: business methods, pricing and

marketing data, strategy, computer code, screens, forms, experimental research, information about, or received from, Critical Path's current, former and prospective customers, vendors and employees. If Critical Path's confidential information is released in an unauthorized manner our business could be hurt and a competitor could be helped. You must take appropriate steps to maintain the confidentiality of Critical Path's proprietary information. Mark and identify both tangible and verbal proprietary information as "confidential" or "proprietary" and take steps in transmitting such documents so as to minimize the risk of inadvertent disclosure, misuse, loss or unauthorized access. You may share Critical Path proprietary information only with third parties with which Critical Path has signed a non-disclosure agreement. If you are uncertain, the Legal Department can assist you. You should consult your Employee Proprietary Information and Non-disclosure Agreement for more specific information.

Competitor's Information. You may gather information about Critical Path's markets, including information about our competitors and their products and services. When you obtain competitive information, you must not violate our competitors' rights. You may not accept, use or disclose the confidential information of our competitors. Particular care must be taken when dealing with competitors' customers, ex-customers and ex-employees. Never ask for confidential or proprietary information. Current Critical Path employees who previously worked at other companies should not disclose the confidential information of their former employers. Even if inadvertently disclosed to Critical Path, the use of such information might subject Critical Path to liability. Accordingly, if you believe that you have received potentially confidential information of a third party you should make sure that the information is not distributed in any form or fashion and immediately contact the Legal Department. Never ask a person to violate a non-compete or non-disclosure agreement. If you are uncertain, the Legal Department can assist you.

Third Party Intellectual Property. You may not use, reproduce or distribute third-party intellectual property without permission, or beyond the extent permitted by the scope of an Critical Path license or non-disclosure agreement. If you need help determining the scope of the rights associated with any third-party intellectual property, the Legal Department can assist you.

Discrimination and Harassment

The diversity of Critical Path's workforce is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment; we do not engage in illegal discrimination in hiring or promotion and will not tolerate any illegal discrimination or harassment of any kind by our employees, consultants or directors. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. To the extent you believe you have been subject to, or you witness, harassment or discrimination in the workplace, it is your obligation to report such incidents to either the Human Resources or the Legal Department, and not merely to your supervisor.

Health and Safety

Critical Path strives to provide each employee with a safe and healthful 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 or illegal behavior are not permitted in the workplace. Employees should report to work in condition to perform their duties, free from the influence of alcohol or illegal drugs. The use of illegal drugs in the workplace will not be tolerated and constitutes grounds for immediate dismissal.

Reporting Violations and Enforcement

Your conduct can reinforce an ethical atmosphere and positively influence the conduct of fellow employees. If you are powerless to stop suspected misconduct or discover it after it has occurred, you must report it to your supervisor, the Legal Department or the CFO. Misconduct

cannot be excused because it was directed or requested by another. In this regard, you are expected to alert management whenever an illegal, dishonest or unethical act is discovered or suspected. Supervisors who receive reports of misconduct must immediately contact the Legal Department or CFO.

If you are still concerned after speaking with your supervisor or feel uncomfortable speaking with him or her for whatever reason, you must (anonymously, if you wish) send a detailed note, with relevant documents, to Critical Path's General Counsel, or you may directly contact the Audit Committee of Critical Path's Board of Directors by sending a detailed note, with relevant documents, to the Corporate Secretary, who also serves as the Secretary of the Audit Committee, via email to Audit.Committee@criticalpath.net or via regular mail to the following address:

Audit Committee
Attention: Corporate Secretary of Critical Path
2 Harrison St., 2nd Floor
San Francisco, CA 94105

Your calls, detailed notes and/or emails will be dealt with confidentially, although there may be a point where your identity may become known or have to be revealed in the course of an investigation or to take corrective action. You have the commitment of Critical Path and of the Audit Committee of Critical Path's Board of Directors, which is composed of independent directors, that you will be protected from retaliation for your good faith actions. Critical Path forbids retaliation of any kind against employees for good faith reports of ethical violations.

Employees and officers who fail to comply with the policies, standards and guidelines in this Code, or with the laws and regulations applicable to Critical Path's businesses, are subject to disciplinary action, including possible termination of employment with Critical Path. For example, disciplinary action may be taken against any of the following persons:

- Any employee or officer who violates this Code or applicable laws and regulations, or who directs others to do so.
- Any employee or officer who deliberately withholds relevant information, or knowingly provides false information, concerning a violation of this Code or applicable laws and regulations.
- The violator's supervisor to the extent that the circumstances of a violation reflects the manager's disregard for this Code or applicable laws and regulations.
- Any employee or officer who retaliates, directly or indirectly, against another employee for reporting a suspected violation of this Code or applicable laws and regulations, or assisting an investigation of a suspected violation.

Amendment

This Code of Conduct can be found on Critical Path's Intranet in the Legal Section. This Code of Conduct and any provision contained herein may be amended or repealed by the Board.

Interpretation/Administration

Any interpretation or other administration of this Code:

- for employees who are not executive officers, may only be given by the Legal Department, Critical Path's Board of Directors or the Audit Committee of the Board;
- for executive officers, may only be given by Critical Path's Board of Directors or the Audit Committee of the Board; and

- for members of the Board of Directors, may only be given by Critical Path's Board of Directors.

Conclusion

In the final analysis you are the guardian of Critical Path's ethics. While there are no universal rules, when in doubt ask yourself:

- Will my actions be ethical in every respect and fully comply with the law and with Critical Path policies?
- Will my actions have the appearance of impropriety?
- Will my actions be questioned by my supervisors, fellow employees, clients, family and the general public?
- Am I trying to deceive anyone, including myself, as to the propriety of my actions?

If you are uncomfortable with your answer to any of the above, you should not take the contemplated actions without first discussing them with your supervisor, the Legal Department or the Corporate Compliance Committee. If you are still uncomfortable, please follow the steps outlined above in the Section on *"Reporting Violations."*

Any employee who ignores or violates any of Critical Path's ethical standards, and any supervisor who penalizes a subordinate for trying to follow these ethical standards, will be subject to corrective action, including immediate dismissal. However, it is not the threat of discipline that should govern your actions. Critical Path expects you to share its belief that a dedicated commitment to ethical behavior is the right thing to do and is good business, as well as being the surest way for Critical Path to remain a world-class organization.