

CODE OF CONDUCT AND INTEGRITY

FEBRUARY 2015

DEAR COLLEAGUES,

For SMARTRAC as a global company, integrity is a key value for top performance, profitable growth and success on the market. We are convinced that – in the long term – we will only succeed if our business decisions are based on ethical principles that are widely accepted and seen as fair. Therefore, not only the compliance with laws but also company internal rules help us to achieve this goal.

Rules alone, however, cannot give a clear answer to each and every situation we encounter in doing business. Therefore it is crucial that, besides knowing about and following the rules, each of us must have a general understanding about integrity and business ethics: They both form a first guideline on how to act. That in turn clarifies the key objectives of this Code of Conduct and Integrity: To make yourself familiar with the rules and to understand how integrity can help you to act within these rules.

Complying with the rules and behaving with integrity – either needs to be lived at SMARTRAC not only by following an honest mindset but also by a compliant, exemplary and thereby credible acting, in particular by all executives.

We rely on each of you to know and comply with our Code and we rely on your sense of personal integrity to protect and enhance the reputation of SMARTRAC.



Christian Uhl

CEO & Chairman of the Management Board

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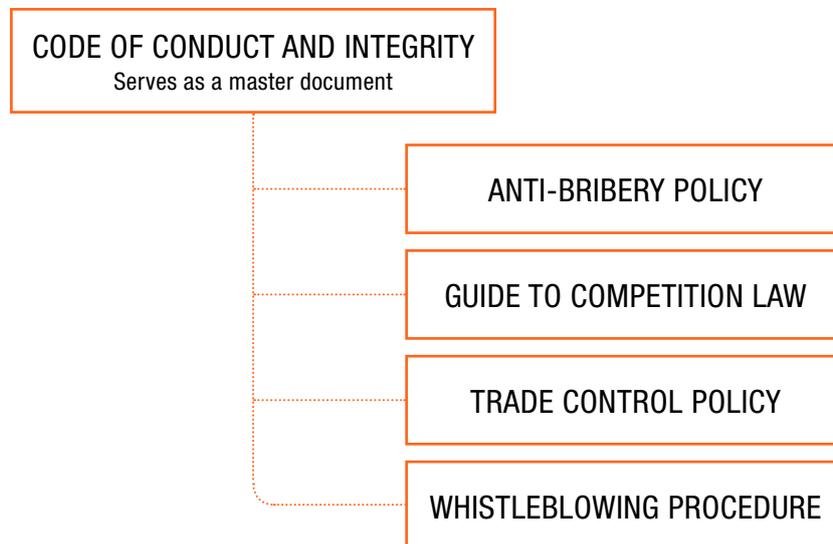
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1 INTRODUCTION



1.1 WHAT OUR CODE IS MEANT FOR

This Code of Conduct and Integrity (“the Code”) provides you with general guidelines and support on how to carry out our daily business in a legally compliant, honest and ethical manner. Our Code is the first reference point for anyone who is unclear about what is expected in a specific situation. As an addition to the Code, SMARTRAC has implemented four policies and guidelines with more details that help you with more specific questions.



Our Code helps you to get

- ▶ practical advice on how to comply with laws and regulations
- ▶ guidance how to deal with colleagues, customers, shareholders, the community at large, vendors, competitors and governments
- ▶ direction to other useful information sources; it can help you resolve difficult questions about business conduct and it explains how to get confidential advice.

The Code is divided into three parts. This introduction provides general information about how to do business. The second and the third part of the Code provide basic information on more specific topics.

1.2 WHOM OUR CODE APPLIES TO

Understanding the Code as our standard on how we do business, this document applies to every employee, manager, member of the Management and Supervisory Board of SMARTRAC N.V. and all affiliated and related companies (“SMARTRAC”). With respect to each other, our customers, partners, suppliers and the community at large our Code gives advice on how to carry out our daily business. In this respect, all supervisors are responsible for communicating these guidelines and their importance and for making sure that these rules are obeyed.

Each of us has a responsibility to uphold our Code. In fact, compliance with our Code is a term and condition of employment with SMARTRAC. This means you must know the Code; you must do the right thing when it comes to your own conduct and you must speak up about conduct by others that might violate our Code or policies.

SMARTRAC managers have an even greater level of responsibility. If you are a supervisor, you are a role model to lead with integrity. Make sure you know our Code and can either answer your employees’ questions or direct them to someone who can.

1.3 WHY OUR CODE IS SO IMPORTANT

As outlined already above, integrity is a key factor for SMARTRAC’s success. Our reputation for integrity and our continued success depends on it. The consequences when disobeying the rules set out below can lead to heavy fines for SMARTRAC’s organizational bodies and the employee violating them, a loss of our reputation and other significant financial losses.

1.4 COMMUNICATING RESPONSIBLY

Communication helps us to connect with customers, suppliers, business partners and other stakeholders. What we say reflects who we are and what we stand for. We should always communicate in a way that demonstrates SMARTRAC’s values, reflects the company’s views and enhance its reputation.

SMARTRAC employees, managers, Management and Supervisory Board Members are required to take care when communicating both internally and externally and particularly when the communication is in any form of written communication, which includes electronic and online communications such as email, online chats, blogs or posts on social networking sites. Inappropriate, inaccurate or careless communications can create serious liability and compliance risks for SMARTRAC.

Make sure that you apply extra care in the course of any written communication. You should particularly avoid ambiguous or misleading language. You should communicate in a way that you feel comfortable when considering that your documents (whether email, memorandum or the similar) could be turned over to a prosecutor or an enforcement authority.

Bear in mind, that electronic communication – even if deleted on your personal computer – is in most cases stored indefinitely in other sources.

1.5 YOUR RESPONSIBILITY

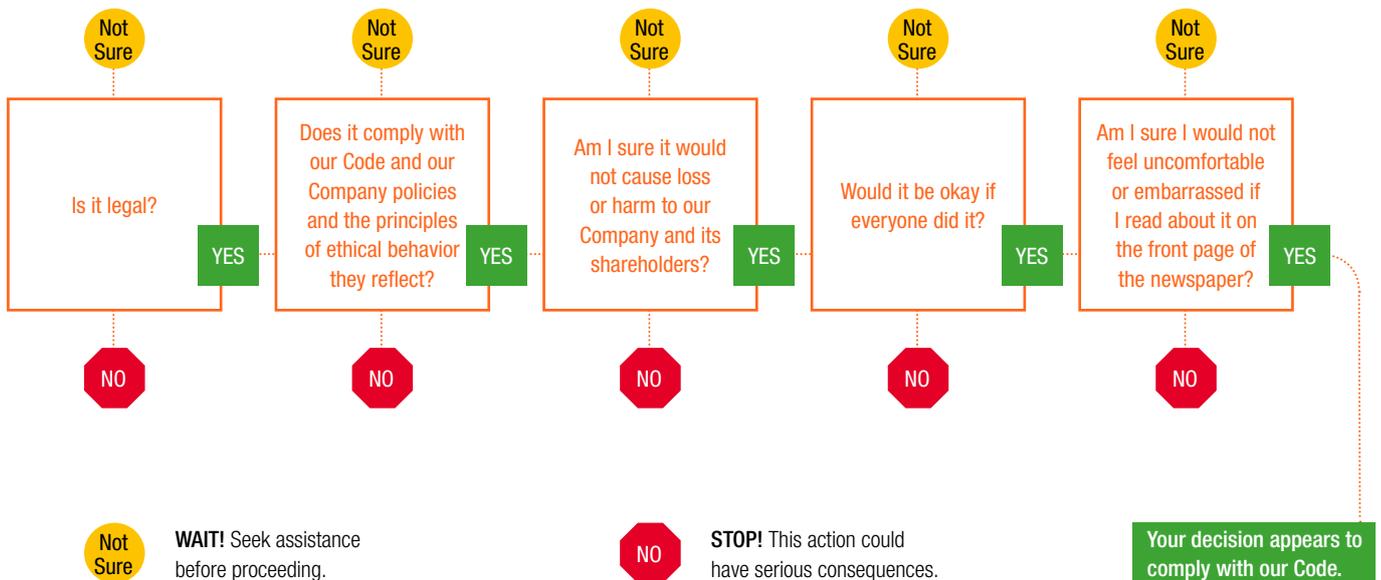
- ▶ Know and comply with our Code and speak up if you see or suspect violations.
- ▶ Cooperate with any internal investigation, inquiry, examination or litigation related to the company's business.
- ▶ Complete all compliance trainings and provide your affirmation, whenever it's required.
- ▶ Comply with applicable laws and regulations, wherever you operate in the world.
- ▶ Deal fairly and in good faith when conducting the company's business.
- ▶ Protect all confidential information, whether related to SMARTRAC itself or to your co-workers, SMARTRAC's customers, suppliers or others SMARTRAC does business with. Always assume that information is confidential, unless you know otherwise.
- ▶ If something doesn't seem right, say something, report it to your Supervisor or reach out to SMARTRAC's External Counsel or to the Chief Compliance Officer for guidance. Remember we prohibit retaliation for good faith reporting.

All SMARTRAC employees must act according to the principles laid down here. Executives and managers should serve as examples for everyone.

SMARTRAC relies on you to practice sound decision-making and to take actions that will preserve an ethical workplace. Remember, you are in charge of your decisions. No one, at any level, has the authority to tell you to do something unethical or illegal. If you are ever unsure of the proper course of action, the following decision tree can help.

Decision Tree

We should use good judgment at all times, but in any ethical dilemma you can use this decision tree and ask yourself:



SMARTRAC’s Legal Department is open to all employees as a point of contact to answer questions and to give advice in matters concerning our Code. As far as possible under law, the Legal Department is obliged to maintain absolute discretion. All employees are explicitly required to consult with the Legal Department or their supervisors in all questions concerning our Code. Assurance is given that employees who seek such assistance or advice will not suffer any negative consequences.

1.6 SHARING CONCERNS AND REPORTING VIOLATIONS

Protecting SMARTRAC's reputation is the responsibility of every employee in every location. If you see or suspect that something is illegal or unethical, you do not only have the right, but also the obligation, to speak up and share your concerns.

You are required to promptly report any known or suspected violations of our Code, any internal company policy or any law or regulation related to SMARTRAC's business. Reporting is required whether the violation involves you or someone else subject to the Code.

In addition, you should report any known or suspected illegal conduct, or conduct that violates the underlying principles of our Code, by any of SMARTRAC's customers, suppliers, consultants, contract or temporary workers, business partners or agents. Just as you will be held responsible for your own actions, you can also be held responsible for not reporting the actions of others if you knew or should have known that they were in violation of any applicable policy, law or regulation.

*EMPLOYEES ARE ENCOURAGED TO PROMPTLY REPORT
ANY ASSUMED (PAST, CURRENT OR FUTURE) BREACH OF THE CODE.*

SMARTRAC has established three channels of communication:

1. Contact your supervisor.
2. If reporting to your supervisor is not possible or if you prefer a different way of communication, you can raise any concern with the Chief Compliance Officer directly by regular mail, email, fax or by phone or in person. You can find his contact details at the end of this Code.
3. If you wish to remain anonymous, you can contact SMARTRAC's External Counsel as an external point of contact. The External Counsel is prohibited to disclose the identity of his contact.

SMARTRAC's Whistleblowing Procedure defines detailed processes when reporting compliance infringements, ensures confidentiality and offers the best possible protection for all parties involved.

Don't be afraid to speak up and promote an ethical culture at SMARTRAC. We strictly prohibit retaliation against anyone who makes a good faith report about a known or suspected violation of our Code or any policy, procedure, law or regulation. Be assured that the information you provide will be handled discreetly and shared only with those we have an obligation to inform.

What else you need to know

We provide you more detailed information about sharing concerns and reporting violations in SMARTRAC's Whistleblowing Procedure available at www.smartrac-group.com/compliance

"PLEASE NOTE THAT OUR CODE CANNOT PROVIDE ANSWERS TO ALL CONCEIVABLE CIRCUMSTANCES. THAT IS WHY WE RELY ON YOUR SOUND JUDGEMENT AND WHY WE TRUST THAT YOU SEEK ADVICE WHEN IN DOUBT."

2 PRIVACY, CONFIDENTIALITY & INTELLECTUAL PROPERTY

Privacy 

2.1 PROTECTING PRIVACY & CONFIDENTIALITY

Each of us has a responsibility to safeguard the confidentiality, integrity and security of SMARTRAC employees' personal information. SMARTRAC will only acquire and keep personal information that is needed to operate effectively or to comply with the law.

*“TRUST IS ESSENTIAL TO OUR BUSINESS SUCCESS.
WE TRUST EACH OTHER TO DELIVER ON OUR
RESPECTIVE OBLIGATIONS.”*

Customers, suppliers and companies with whom SMARTRAC does business trust us to be good stewards of their confidential information, whether that information relates to financial, personal or business matters.

What information is confidential?

The best practice is to assume that all personal information and all information you have about SMARTRAC and its business is confidential, unless the contrary is evident.

Confidential information can be written, oral, telephonic or electronic and includes a wide variety of data: e.g. technology applications, business strategies and customer lists, credit procedures, customer preferences and personnel information.

*“DISCLOSE CONFIDENTIAL INFORMATION
ONLY ON A NEED-TO-KNOW BASIS.”*

You have a duty to protect confidential information as if it was your very personal information. Therefore you have to take precautions before sharing it with anyone inside or outside the workplace. Don't share confidential information with friends or family, and don't discuss it in places where others could hear you. Don't access or use confidential information, and don't disclose it to fellow employees who are not involved in providing services to the owner of the information, unless you are authorized and legally permitted to do so. Finally, don't send internal communications, including intranet postings, outside the company – even to your own personal email address – without authorization.

Before disclosing confidential information, remember the following rules:

- ▶ Disclose it only to those who are authorized to receive it and who have a need to know.
- ▶ Limit the amount of information shared to what is required to achieve the stated business purpose.
- ▶ Conclude a confidentiality or privacy agreement, if required, when sharing it with someone outside SMARTRAC.
- ▶ Make sure the recipient knows that the information is confidential and understands any restrictions related to its use or dissemination.

2.2 RESPECTING INTELLECTUAL PROPERTY OF OTHERS

Intellectual Property such as patents, trade secrets, inventions, creative works and trademarks, are valuable information assets.

Information regarding intellectual property or internal information which refers to processes, technologies, project studies, marketing and promotional action, strategic deliberations, business development etc., must be handled in responsible manner and must be disclosed to third parties only on a need-to-know basis after management approval and the conclusion of a non-disclosure agreement.

SMARTRAC protects its intellectual properties acquired or developed and respects the intellectual property of others. Consequently, SMARTRAC expects others to show the same respect for its intellectual assets.

3 BUSINESS INTEGRITY



3.1 GRANTING AND ACCEPTING GIFTS OR ENTERTAINMENT

What you should know

As a basic principle, offering, giving or accepting anything of value for the purpose of obtaining, retaining or directing any business decisions is forbidden (“bribery/corruption”).

SMARTRAC has a clear position on bribery: SMARTRAC’s Management Board, the Supervisory Board and all SMARTRAC employees do neither offer, give, nor accept bribes in any form (including favours or providing goods or services without an appropriate charge) – regardless of value and whether it be direct or indirect.

Making such an offer alone, without actual payment, still violates the Code and the law.

This does not mean, that you are not allowed to give or accept any gifts whatsoever. Some gifts or other benefits of value may be given or accepted, depending on the individual case, your view of the business purpose and your good judgment. In judging what is reasonable, consideration should be given both to the occasion on which the gift is made and to the position and personal standard of living of the recipient.

What you must avoid

Public authorities are subject to very strict policies regarding the acceptance of gifts or invitation regardless of their value. Inviting or granting gifts to a governmental official is possible, but must be preapproved in writing by the Chief Compliance Officer. Please see 3.2 below for further details.

In this context it is important for you to know, that the principles set out above apply also for any third parties SMARTRAC has a business relationship with. SMARTRAC can be held responsible for unlawful actions committed by external partners if it can be proven that we negligently have overseen warning signs that indicate that an agent or any other third party might be using bribery.

What you should watch out for

Comply with the most stringent requirements for giving and receiving gifts and entertainment, whether they are the rules set out in our Code, any applicable local internal policies, third party rules, contract terms or applicable legal requirements. In general, you should never give a gift that:

- ▶ would violate local laws
- ▶ is an inducement to do business with SMARTRAC
- ▶ could appear to be offered with the intent of influencing someone to do something improper
- ▶ would be considered lavish or inappropriate under the circumstances.

What else you need to know

Besides using your good judgement as outlined above, obtain appropriate approvals from your supervisor if the value exceeds the following thresholds:

Gift Value	Invitation (per person)	Approval Requirements	Recording Requirements
> 40 EUR	> 75 EUR	Supervisor's pre-approval required	Must be recorded in auditable form
≤ 40 EUR	≤ 75 EUR	No pre-approval required	No recording required

We provide you more detailed information about the whole topic of bribery and corruption in our Anti-Bribery Policy available at www.smartrac-group.com/compliance.

SMARTRAC COMPLIES WITH ALL LAWS AND REGULATIONS THAT PROHIBIT BRIBERY AND DOES EVERYTHING POSSIBLE TO MAKE SURE THAT ITS MANAGEMENT BOARD, ALL ITS EMPLOYEES, SUPPLIERS, CONTRACTORS AND JOINT VENTURE PARTNERS DO THE SAME. BUT COMPLIANCE WITH THE LAW IS STILL A PERSONAL RESPONSIBILITY.

3.2 DEALING WITH GOVERNMENT OFFICIALS

What you should know

SMARTRAC respects national laws of countries, where SMARTRAC is active and aims to engage constructively with government officials everywhere it operates. Most countries have anti-bribery laws that put a particular focus on prohibiting bribery in the public sector.

The term “Government Officials” has a broad scope and can refer to any of the following examples:

- ▶ elected or appointed public officials, directors, officers or employees of any government (whether at a national, state/provincial or local level)
- ▶ politicians or candidates for public office
- ▶ employees of organizations or companies owned or controlled by the government
- ▶ family members of the foresaid.

One point SMARTRAC cannot stress strongly enough is that SMARTRAC does not engage in or tolerate bribery or corruption in any form, whether in the private or public sector. Neither does SMARTRAC get involved in political activity or make payments to political parties, organizations or their representatives.

What you must avoid

Anyone who primarily exercises a public office or serves as a full-time elected representative will not be employed by SMARTRAC. Consultancy contracts and other such agreements will not be concluded with such persons. Any potential service relationship necessary for technical reasons requires approval from the Legal Department. Do not invite a business partner or give a business partner a gift if you are in doubt whether that person could be a government official.

What you should watch out for

Inviting or granting gifts to a governmental official is not per-se illegal but needs careful consideration. Obtain written approval by the Legal Department before inviting a government official or giving him a gift. If you are in doubt whether a business partner is a government official, contact the Legal Department.

What else you need to know

We provide you more detailed information about the whole topic of bribery and corruption in our Anti-Bribery Policy available at www.smartrac-group.com/compliance.

3.3 DEALING WITH COMPETITORS

What you should know

The way companies conduct their course of business with respect to other companies is regulated in so called antitrust or competition laws, which aim at maintaining a fair and healthy competition in the market. All SMARTRAC employees must comply with the applicable antitrust laws. However, even in a country that does not have its own antitrust law, there may be potential antitrust risks.

The consequences of acting against antitrust laws are very serious, both for SMARTRAC and for any employee whose conduct contributes to a violation. Legal sanctions range from heavy monetary fines to imprisonment. In addition, the activities of a company may be limited through injunctions or debarments to bid on government tenders. Also the costs for defending antitrust cases can be huge and the disruption of a company's business and its reputation through adverse publicity and considerable loss of revenue are at stake as well.

What you must avoid

When dealing with a competing company, it is particularly prohibited to enter into agreements to fix prices – regardless of whether a specific price, a minimum or a maximum price is agreed on. You must also not coordinate our business with the business of a competing company. This means, for example, that it is prohibited for you to agree on the application of the same profit margins, service offerings or the amount of bids that SMARTRAC as well as the competing company plan to make. The same applies to agreements, which allocate markets or customers.

It is clear, that in this respect the exchange of information between two companies is a crucial and problematic topic. Therefore and regardless of whether you are attending a business related or a private event, you must not communicate essential and valuable business information to any third party. Such “sensitive information” may refer to prices, costs, terms of sale, business plans, suppliers, customers, territories, capacity or market shares.

Even if they may seem harmless at first sight, meetings of trade associations or similar meetings of members of the same industry are, however, particularly sensitive. Therefore, if you have the intention to become a member of a trade association, you should inform Legal Department and provide material on the scope of this trade association.

Make sure that you apply these principles of extra care also in the course of any written communication. You should particularly avoid ambiguous or misleading language that could convey an erroneous suggestion of anti-competitive conduct. As a rule of thumb, you should feel comfortable when considering that your documents (whether email, memorandum or the similar) could be turned over to a prosecutor or an enforcement authority. Bear also in mind, that electronic communication – even if deleted on your personal computer – may be stored indefinitely in other sources.

What you should watch out for

It is important for you to understand that anti-competitive behavior is prohibited regardless of whether you enter into a written contract or you agree verbally on these terms.

What else you need to know

We provide you more detailed information about the whole topic of anti-competitive behavior in our Guide to Competition Law at www.smartrac-group.com/compliance.

3.4 IMPORTING AND EXPORTING GOODS

What you should know

Essentially, goods traffic is free. But restrictions may apply to traffic of goods (purchase and sales), services, technology or payments across borders for reasons of customs, national security and foreign policy. In general, restrictions may be targeted at individuals, entities or even whole states.

Such restrictions could apply to many areas of SMARTRAC's operations including logistics (e.g. transits), manufacturing (e.g. U.S. parts in product), finance (e.g. asset freezes of contractual partners, like suppliers/consignees), sales (e.g. to Iran or Cuba) or Purchase (e.g. importing "conflict minerals").

What you should watch out for

There are warning signs according to which you should exercise extra caution when importing or exporting goods. Watch out for one or more of the following signs (non-exhaustive):

- ▶ restricted countries, such as Iran, Cuba, North Korea, etc.
- ▶ unfamiliar customer without convincing references
- ▶ unusual security or safety measures
- ▶ freight forwarder, trading company, shipping company or bank listed as ultimate consignee
- ▶ abnormal packing, marking or routing of goods or vague/unexpected changing terms of delivery.

If you should encounter one of these signs or any similar, please report to your supervisor or the Chief Compliance Officer.

What else you need to know

We provide you more detailed information about the whole topic of import and export control in our Trade Control Policy available at www.smartrac-group.com/compliance.

3.5 AVOIDING CONFLICTS OF INTEREST

What you should know

All of SMARTRAC employees, managers, members of Management and Supervisory Board must conduct themselves in a manner that avoids conflicts of interest or even the appearance of such a conflict. They are as well expected to refrain from other activities that could harm or reflect negatively on SMARTRAC.

What is a Conflict of Interest? A conflict of Interest arises when the intentions to act for the benefit of SMARTRAC might collide with the intentions for personal gain. In case of a conflict of interest personal activities compromise the judgment or ability to act in SMARTRAC's interest.

Conflicts of interest can arise in a variety of circumstances. Someone working for or carrying out work on SMARTRAC's behalf may have personal interests:

- ▶ In other businesses, which either use SMARTRAC's products or services, or produce similar products. Those businesses may be SMARTRAC's suppliers, consumers, competitors, etc.
- ▶ By holding a position in another company as employee, consultant, sales representative or agent. Having a position in another company besides working for SMARTRAC is just one of several constellations triggering risks concerning a conflict of interest.
- ▶ By acquiring significant ownership of another company (more than 1%) that has a business connection with SMARTRAC.

Those personal relationships can create a conflict of interest – or can raise the appearance of a conflict.

It's impossible to list every situation that could present a potential conflict, but there are certain areas where conflicts typically arise. You should be familiar with these, use good judgment and ask for help whenever you are unsure of the proper course of action.

What you must avoid

Decision making can become difficult if the person with whom you're working is someone you know personally. Even if you try to remain objective in your business affairs, the personal relationship can create a conflict of interest. For that reason, there are certain situations you should avoid:

- ▶ In general, you may not act for SMARTRAC in any transaction or business relationship that involves yourself, members of your family or other people or organizations where you or your family have a significant personal connection or financial interest. Let another qualified employee handle SMARTRAC's business with these people.
- ▶ Don't engage in self-dealing or use your position at SMARTRAC to derive benefits that are not available to others.
- ▶ Avoid negotiating with SMARTRAC on behalf of others, especially your family and others you have a connection to, if your involvement will be perceived as a conflict.

Don't let your activities outside of SMARTRAC reflect adversely on our company and don't let them suggest a possible conflict of interest. As an employee, we expect you to put your job at SMARTRAC ahead of other business opportunities, not-for-profit activities or a second job. Be alert to potential conflicts, be proactive in obtaining any necessary approvals or clearances and, finally, be aware that you may be required to discontinue any activity if a conflict arises.

What you should watch out for

With regard to outside activities, obey the following rules:

- ▶ Don't accept a business opportunity from someone who does – or seeks to do – business with SMARTRAC if the offer is made because of your position in SMARTRAC.
- ▶ Don't allow your activities, or the time you spend on them, to interfere with your job performance.
- ▶ Don't take for yourself a business opportunity that belongs to SMARTRAC.
- ▶ Don't engage in a business that competes with SMARTRAC's business.
- ▶ Don't work for a competitor, neither serve as its director, officer or advisor.

Note that the concept of a “competitor” is very broad and includes some organizations that are not in direct competition with SMARTRAC. If you aren’t sure whether an outside activity involves a competitor, discuss it with your supervisor.

What else you need to know

Each and every situation in which a conflict of interest could arise during a business transaction must be reported to the responsible supervisor or the Legal Department immediately so that an appropriate solution can be found.

*“YOUR PERSONAL SITUATION MAY CHANGE OVER TIME.
THUS, IF YOU BECOME AWARE OF A POSSIBLE CONFLICT
OF INTEREST, DISCLOSE IT IMMEDIATELY.”*

A FINAL WORD

Thank you for reading our Code. We hope you find it useful in guiding your behavior and your decisions as you carry out daily activities at SMARTRAC. The intranet site www.smartrac-group.com/compliance will always reflect the latest revisions and updates to the Code as well as link to the relevant policies.

Please tell us what you think. SMARTRAC welcomes your input on any aspect of our Code and compliance related policies and procedures.

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