

# Secured Digital Applications, Inc.

## Code of Ethics

### 1. Principles Governing Professional and Ethical Conduct

1.1. It is the policy of Secured Digital Applications, Inc. (the “Company”) that the Company’s Board of Directors, Chief Executive Officer, Chief Accounting Officer, principal accounting officer and controller (or persons performing similar functions) and all employees adhere to, advocate and promote the following principles:

1.1.1. Loyalty to the interests of our shareholders, customers, suppliers, fellow employees, strategic partners and other business associates;

1.1.2. Honest and ethical conduct in any action, practice or course of conduct within the Company or with its business partners;

1.1.3. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

1.1.4. Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission (the “SEC”) and other public communications made by the Company; and

1.1.5. Compliance with laws, rules and regulations applicable to the Company.

### 2. Applicability

#### Employee Responsibility

Each employee has a responsibility to be familiar with and comply with the letter and spirit of SDA’s Code of Ethics and the company’s policies and guidelines. Also, where applicable, compliance is required with employment contracts, employee handbook and standards of conduct. Protecting SDA’s reputation means abiding by the Code of Ethics around the clock. Even off the job, employees are perceived by others as a representative of SDA. It is also important that employees encourage each other to uphold SDA’s Code of Ethics and cooperate with the company in enforcing its provisions. The reputation and viability of SDA may be at stake.

#### Scope of Application

The nature of some of the company’s objectives may require standards of conduct more specific than those set forth in this Code of Ethics. In those cases, supplemental standards of certain business units, regions or individual operations may be developed in cooperation with Human Resources.

### **Obey the Law**

The basic policy underlying SDA's Code of Ethics is the company's commitment to conduct its business in full compliance with applicable laws. Employees are responsible for understanding and conforming their conduct to the legal requirements relevant to their jobs and communicating this standard to those they supervise.

## **3. Conflict of Interest**

- 3.1. Insiders (directors, officers and employees of the Company) shall maintain a high degree of integrity in the conduct of the Company's business and maintain independent judgement. Each insider must avoid any activity or personal interest that creates, or reasonably appears to create, a conflict between his/her interests and the interests of the Company. In those circumstances in which an actual or potential conflict of interest exists, but it is reasonably believed that it is in the best interests of the Company to nonetheless pursue a particular course of action (for example purchasing goods or services from a business in which a relative of an employee has a financial interest) then the existence of the conflict must be disclosed before any action is taken. A conflict of interest arises any time such a person has a duty or interest that may conflict with the proper and impartial fulfillment of such person's duties, responsibilities or obligations to the Company, such as:
  - 3.1.1. Making an investment that may affect his/her business decisions;
  - 3.1.2. Owning a meaningful financial interest in, or being employed by, an organization that competes with or whose interests could reasonably be expected to conflict with those of the Company;
  - 3.1.3. Owning a meaningful financial interest in, or being employed by, an organization that does, or seek to do, business with the Company
  - 3.1.4. Making a decision on a matter where such person's self-interests may reasonably call into question the appropriateness of the decision; or
  - 3.1.5. Being employed by or accepting compensation from any other person as a result of business activity or prospective business activity affecting the Company.
- 3.2. No insider shall direct, or seek to direct, any Company business to any business enterprise in which the insider or his or her family member has a meaningful ownership position or serves in a leadership capacity, unless the relationship has been disclosed in advance. The Company will not transact business with such an enterprise unless the transaction is in the Company's best interest and the transaction is approved in advance by a disinterested person or persons with appropriate authority.

- 3.3. No insider shall seek or accept for his or her self or for any family member any favors, preferential treatment, special benefits, gifts, loans or other consideration as a result of such insider's association with a business associate or with the company, except those customary and usual benefits directly provided by a business associate of the company. The foregoing, however, does not prohibit receipt of gifts from business associates that are of nominal value consistent with accepted business practices.
- 3.4. Corporate Opportunities and Transactions with Business Associates
- 3.4.1. Insiders and their family members must not secretly profit, directly or indirectly, due to their position in the Company to the detriment, or at the expense, of the Company or any of its business associates. No insider shall take for his or her own advantage any business opportunity for profit, which he or she learns about as a result of his or her position with the Company. If any transaction entered into by the Company will result in a financial benefit to any person subject to this code of ethics, then the existence of the financial benefit must be disclosed and the transaction will not be permitted unless it is in the Company's best interest and the transaction is approved in advance by a disinterested person or persons with appropriate authority.

## **4. Internal Control**

- 4.1. Protection of Assets and Information
- Employees have a responsibility to protect SDA property against loss, theft, abuse and unauthorized use, access or disposal. Employees may use company assets only for purposes related to their job responsibilities.
  - Confidential information (nonpublic information about the company or its products) is to be held in strict confidence during, as well as after, an employee's term of employment.
  - Employees must follow the company's use, access and security guidelines for software and information technology, email, inter- / intra- / extranet and voice mail systems. Moreover, personal data protection rights, where applicable, must be strictly observed.
- 4.2. Internal Control Systems / Reports / Records
- SDA's policy is to maintain effective internal control systems to ensure compliance with laws and corporate policies, protect and prevent misuse of company assets, and assure appropriate authorization for company transactions and other corporate activities. The company prepares external reports that fulfill all relevant international business and legal requirements, including financial statements that fairly present the company's financial position. To achieve this standard, employees are expected to maintain accurate and complete internal records of all company business activities and arrange for appropriate authorization and documentation of transactions and commitments with business partners. In particular, employees are required to report business expenses in an accurate

and timely manner. Company records are the sole property of SDA and should be created and maintained in a manner consistent with applicable policies.

#### 4.3. Investor Relations and Insider Trading

- The company's policy is to disclose important information about its business in accordance with the United States of America securities laws and stock exchange guidelines, with the objective of promoting an orderly market for its publicly traded securities.
- This policy depends on maintaining the confidentiality of undisclosed information about the company that might be considered material, inside information – information that could reasonably be expected to affect the price of such securities – before its public dissemination. It is a violation of applicable securities laws, and of the company's policy, to buy or sell the company's publicly traded securities or those of its business partners while in possession of material, inside information or to disclose such information to others.

## 5. Quality

SDA's commitment to quality and quality improvement processes is essential to its growth and prosperity. Employees should strive to exceed customer expectations, both internal and external, and continuously improve the quality of SDA's products and services.

## 6. Social Responsibility Principles of SDA

The following principles, that are guided by the conventions of the International Labor Organization, have been implemented by the Company, and in establishing them, diversity in culture and social values have been duly acknowledged and heeded.

- **Human Rights**  
SDA respects and supports compliance with the internationally accepted human rights.
- **Forced Labor**  
SDA condemns all forms of forced and compulsory labor.
- **Child Labor**  
SDA supports the elimination of exploitative child labor. Children must not be inhibited in their development. Their health and safety must not be adversely affected. Their dignity must be respected.
- **Equal Opportunities**  
SDA undertakes to uphold equal opportunities with respect to employment and to refrain from discrimination against employees based on gender, race, disability,

national origin, religion, age or sexual orientation unless national law expressly provides for selection according to specific criteria.

- **Equal Pay for Equal Work**

Within the scope of applicable law, SDA respects the principles of “equal pay for work of equal value”, e. g. for men and women.

- **Relations with Employees**

It is the aim of the company to involve and inform the individual employees as directly as possible. Conduct towards and communication with employees shall be characterized by respect.

- **Working Conditions**

SDA is opposed to all exploitative working conditions.

- **Protection of Health**

SDA ensures health and safety at the workplace to a level no less than required by national legislation and supports the continuous improvement of working conditions.

- **Compensation**

SDA honors the right to reasonable compensation of a level no less than the legally established minimum-wage and the local job market.

- **Working Hours**

SDA guarantees compliance with national provisions and agreements regarding working hours and regular, paid holidays.

- **Training**

SDA supports training of employees with the aim of good performance and high quality work.

- **Suppliers**

SDA supports and encourages its suppliers to introduce and implement equivalent principles in their companies. The Company expects its suppliers to incorporate these principles as a basis for relations with SDA. The Company regards the above as a favorable basis for enduring business relations.

## **7. Relationships with Competitors and Business Partners**

SDA is committed to complying fully with all applicable antitrust and trade laws and related laws pertaining to fair pricing, fair competition and consumer protection.

These laws regulate SDA's relations with its competitors, suppliers and dealers, distributors and retail customers. They generally prohibit agreements and other activities that fix or coordinate prices or price formulas, divide sales territories or customers, or unreasonably

restrict free and open competition. They also restrict the company's ability to share proprietary or competitively sensitive information and to deal exclusively with suppliers or other business partners. These laws also establish requirements for customer disclosures and the resolution of customer issues.

Antitrust and trade laws are complex and affect all aspects of SDA's domestic and international business activities. The penalties for noncompliance can be severe. If employees have questions about how these laws relate to their job responsibilities, they should contact SDA's Director of Corporate Affairs.

In collecting information about its business partners and competitors, SDA utilizes all legitimate sources, but avoids any actions that are illegal or could cause liability to the company.

## **8. Dealing with Government Officials**

### **Political Contributions**

Payments, gifts, loans or services provided by SDA or its subsidiaries to any political party or committee or a candidate for, or a holder of a political office are permitted only if in compliance with applicable law, local policy, and approved in advance by SDA's Board of Directors.

### **Payments or Loans**

Payments or loans of corporate, subsidiary or personal funds or transfers of anything else of value to a government official or employee for the purpose of obtaining, retaining or directing business to SDA or any subsidiaries or affiliates or other persons are prohibited.

## **9. Dealing with Foreign Governments and Customers – International Trade Laws**

SDA is committed to complying fully with antibribery, export control, customs and antiboycott laws. These international trade laws affect all aspects of SDA's global enterprise and its employees.

Antibribery laws prohibit providing, directly or indirectly, anything of value not only to domestic, but also to foreign governmental, political or military officials or representatives of international organizations (such as the United Nations and the World Bank) to obtain or retain business or to gain an unfair advantage. These laws also impose record keeping and internal accounting and control requirements that, like SDA's own accounting and internal control policies, are designed to ensure integrity and accuracy in the recording and reporting of all business transactions.

Export control and customs laws regulate where and how SDA may sell goods, technology or exchange information. In some cases, these laws may prohibit doing business with

certain countries, or impose requirements for licenses before goods or technology may be exported or exchanged. Customs laws require accurate documentation and proper reporting and valuation of goods.

Antiboycott laws may prohibit participation in foreign boycotts and limit disclosure of information about business activities and personnel, and may require the reporting of certain types of requests for information or participation in boycotts.

## **10. Confidentiality**

10.1. No insider or family member shall discuss with, or inform others about, any actual or contemplated business transaction by the Company or any business associate except as required in the performance of the Insider's employment duties and then only for the benefit of the Company or the business associate, as appropriate, and in no event for personal gain or for the benefit of any other third party.

10.2. No insider or family member shall give any information to any third party about any pending or proposed business transaction of the Company or its business associates unless expressly authorized to do so by the Company's Chief Executive Officer.

10.3. No insider or family member other than the Company's Chief Executive Officer, Chief Accounting Officer or Chairman of the Board may discuss the Company or its business associates with any member of the press or media.

## **11. Document Retention**

11.1. The Company will comply fully with all laws and regulations relating to the retention and preservation of records. All insiders shall comply fully with the Company's policies regarding the retention and preservation of records. Under no circumstances may Company records be destroyed selectively or maintained outside Company premises or designated storage facilities.

11.2. If the existence of a subpoena or impending government investigation becomes known to an insider, he or she must immediately contact the Chief Executive Officer and the chairman of the Audit Committee. Insiders must retain all records and documents that may be responsive to a subpoena or pertain to an investigation.

## **12. Reporting and Treatment of Violations**

12.1. Person who become aware of suspected violations of this Code should report such suspected violations promptly to the Chairman of the Company's Audit Committee. To assist in the response to or investigation of the alleged violation, the report should contain as much specific information as possible to allow for proper assessment of the

nature, extent and urgency of the alleged violation. Without limiting the foregoing, the report should, to the extent possible, contain the following information:

- 12.1.1. the alleged event, matter or issue that is the subject of the alleged violation;
- 12.1.2. the name of each person involved;
- 12.1.3. if the alleged violation involves a specific event or events, the approximate date and location of each event; and
- 12.1.4. any additional information, documentation or other evidence available relating to the alleged violation.

12.2. The Audit Committee shall have the power to monitor, investigate, make determinations and recommend action to the Board of Directors with respect to violations of the Code. In determining whether a violation of this Code has occurred, the Audit Committee may take into account:

- 12.2.1. the nature and severity of the violation;
- 12.2.2. whether the violation was a single occurrence or involved repeated occurrences;
- 12.2.3. whether the violation appears to have been intentional or inadvertent;
- 12.2.4. whether the person in question had been advised prior to the violation as to the proper course of action;
- 12.2.5. whether the person in question had committed other violations in the past; and
- 12.2.6. such other facts and circumstances as the Audit Committee shall deem advisable in the context of the alleged violation.

12.3. Consequences of Violations

- 12.3.1. If a violation is substantiated, the Board of Directors, upon the recommendation of the Audit Committee, may impose such sanctions or take such actions as it deems appropriate, including, but not limited to, the following:
- 12.3.2. Disciplinary action (including censure, re-assignment, demotion, suspension or termination);
- 12.3.3. Pursuit of any and all remedies available to the Company for any damages or harm resulting from a violation, including injunctive relief; and

12.3.4. Referral of matters to appropriate legal or regulatory authorities for investigation and prosecution.

### **13. Requests for Waivers and Changes in Code**

13.1. A waiver of the provision of this Code shall be requested whenever there is reasonable likelihood that a contemplated action will violate the Code. Any waiver (including an implicit waiver) that constitutes a material departure from a provision of this Code shall be publicly disclosed on a timely basis, to the extent required by applicable rules and regulations of the SEC. In addition, any amendments to this Code (other than technical, administrative or other non-substantive amendments) shall be publicly disclosed on a timely basis, to the extent required by applicable rules and regulations of the SEC.

13.2. In any circumstance in which this Code permits a transaction, otherwise prohibited, to be approved notwithstanding a conflict or potential conflict, such approval must be given by a person or persons with appropriate supervisory authority for the nature of the waiver sought. For example, without limitation, if an employee referred a relative to the Company as a source for the purchase of supplies and such supplies would be available to the Company on appropriately favorable terms, then the transaction must be approved by the employee's supervisor, an officer or the board of directors. An interested transaction involving a board member, meanwhile, would require the approval of a disinterested majority of the board. A written record of each such approval and the facts and circumstances involved shall be maintained by the person or persons making such an approval.

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