

SIERRA MONITOR CORPORATION
CODE OF BUSINESS CONDUCT AND ETHICS

I. INTRODUCTION AND STATEMENT OF POLICY

It is essential that the highest standards of business and personal ethical conduct be observed by every Sierra Monitor Corporation employee, officer and director. This Code of Business Conduct and Ethics (“Code of Conduct”) is an overview of Sierra Monitor’s guiding principles intended to ensure our business is conducted with integrity and in compliance with the law. Every employee, officer and director is expected to know and follow the policies outlined in this Code of Conduct. Any employee or officer who violates the letter or spirit of these policies is subject to disciplinary action, which may include termination.

Every Sierra Monitor employee, officer and director has the responsibility to obey the law and act ethically. To that end, this Code of Conduct is a guide that is intended to sensitize employees, officers and directors to significant legal and ethical issues that arise frequently and to the mechanisms available to report illegal or unethical conduct. It is not, however, a comprehensive document that addresses every legal or ethical issue that an employee, officer or director may confront, nor is it a summary of all laws and policies that apply to Sierra Monitor’s business. **Ultimately, no code of conduct can replace the thoughtful behavior and good judgment of an ethical employee, officer or director.**

If you have any questions about this Code of Conduct or are concerned about conduct you believe violates Sierra Monitor’s policies or the law, you should contact Gordon Arnold or any member of our audit committee. No one at Sierra Monitor has the authority to make exceptions to these policies, other than our Board of Directors or a committee of our Board of Directors.

CONCERNS OR POSSIBLE VIOLATIONS MAY BE REPORTED TO:

Sierra Monitor Ethics Hotline

1-800-727-4377 ext. 120

OR

garnold@sierramonitor.com

OR

Sierra Monitor Corporation

Attention: Gordon Arnold

1991 Tarob Court

Milpitas, CA 95035

(408) 262-6611

Reports may be submitted anonymously. Any employee desiring to submit an anonymous report is cautioned to send the report to the Audit Committee of our Board of Directors via regular mail or interoffice mail since other methods of transmission may reveal the sender's identity.

Sierra Monitor will not permit any form of retaliation against any person, who, in good faith, reports actual or suspected violations of company policy.

II. RELATIONSHIP TO OTHER COMPANY POLICIES

This Code of Conduct and other Sierra Monitor policies and procedures are statements of goals and expectations for individual and business conduct. They are not intended to, and do not in any way constitute, an employment contract or an assurance of continued employment. Sierra Monitor does not create any contractual rights by issuing this Code of Conduct or other policies and procedures.

III. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Sierra Monitor takes a proactive stance on legal and regulatory compliance. Employees, officers and directors must comply with all applicable laws, regulations and rules that govern Sierra Monitor's business conduct.

IV. CONFLICTS OF INTEREST

Employees, officers and directors have a responsibility to Sierra Monitor to avoid any conflict of interest whenever possible, unless otherwise approved by Sierra Monitor. A "conflict of interest" occurs when an individual's personal interests conflict with the interests of Sierra Monitor, or when an activity otherwise creates an appearance of impropriety. While it is difficult to identify exhaustively what constitutes a conflict of interest, set forth below are general areas which could lead to conflicts of interest.

Sierra Monitor recognizes that certain potential conflicts of interest may arise from time to time that may be unavoidable. For this reason, conflicts of interest should be reported to the subject individual's supervisor or to the Audit Committee of the Board of Directors for review and approval.

Employment/Outside Employment

Sierra Monitor requires employees and officers to devote their full attention to Sierra Monitor's business interests. Sierra Monitor does not allow employees, officers or directors to engage in any outside activity or enterprise that interferes with the performance of their responsibilities to Sierra Monitor.

Investments

Financial investments in Sierra Monitor's customers, suppliers, partners or competitors could create an actual or potential conflict of interest. Great care must be taken to ensure that these investments do not compromise the responsibilities of our employees, officers or directors. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; the role of the individual and his or her ability to influence Sierra SMC Code of Business Conduct

Monitor's decisions; the individual's access to Sierra Monitor's confidential information or that of the other company; and the nature of the relationship between Sierra Monitor and the other company. Investments in Sierra Monitor's customers, suppliers, partners or competitors that each comprise less than 5% of an individual's net worth, by themselves, are not considered conflicts of interest.

Related Parties

Employees, officers and directors should avoid conducting Sierra Monitor business with members of their immediate family or household, or with a business in which a member of his or her immediate family or household is associated in any significant role. In the case of executive officers and directors, the Audit Committee of the Board of Directors must review and approve all such related party transactions. Sierra Monitor will publicly report all such related party transactions where required under applicable accounting rules, Federal securities laws, SEC rules and regulations, and securities market rules. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to the related party.

Loans

Loans to, or guarantees of obligations of, employees, officers and directors and their respective family members are of special concern. Federal law currently prohibits Sierra Monitor from making new loans, or amending the terms of existing loans, to directors and executive officers.

Gifts

Employees, officers and directors (including members of immediate family or household) may not accept any gift of value from suppliers, customers or partners that would interfere with independent judgment or create an appearance of impropriety. This prohibition is not intended to preclude acceptance of occasional entertainment or the exchange of non-monetary gifts of a nominal value.

Relationships with Customers, Suppliers or Partners

Employees, officers and directors (including members of immediate family or household) may not engage in personal transactions with Sierra Monitor suppliers, customers or partners that would interfere with independent judgment or create an appearance of impropriety, unless otherwise approved by Sierra Monitor.

V. CORPORATE OPPORTUNITIES

Employees, officers and directors are prohibited, unless expressly approved by Sierra Monitor, from: (a) taking for themselves personally opportunities that properly belong to Sierra Monitor or are discovered through the use of corporate property, information or position; or (b) using corporate property, information or position for personal gain. Employees, officers and directors have a responsibility to Sierra Monitor to advance its legitimate interests when the opportunity to do so arises.

VI. PROHIBITION AGAINST INSIDER TRADING

In general, employees, officers, directors, agents, contractors and consultants who have access to, or knowledge of, material nonpublic information from or about Sierra Monitor are prohibited from buying, selling or otherwise trading in Sierra Monitor's stock or other securities. "Material nonpublic" information includes any information, positive or negative, that has not yet been made available or disclosed to the public and that would be of significance to an investor, as part of the total mix of information, in deciding whether to buy or sell stock or other securities.

Such insiders also are prohibited from giving "tips" on material nonpublic information, that is directly or indirectly disclosing such information to any other person, including family members, other relatives and friends, so that they may trade in Sierra Monitor's stock or other securities. Furthermore, if, during the course of your service with Sierra Monitor, you acquire material nonpublic information about another company, such as one of our customers or suppliers, or you learn that Sierra Monitor is planning a major transaction with another company (such as an acquisition), you are restricted from trading in the securities of the other company.

Such "insider trading" is both unethical and illegal, with criminal penalties of up to \$5 million and a jail term of up to 20 years and civil penalties of up to three times the illegal profit gained or loss avoided.

Sierra Monitor's policies regarding insider trading and confidentiality are set forth more completely in our Insider Trading Policy, a copy of which is available from Sierra Monitor's Human Resources director.

VII. CONFIDENTIALITY

Confidential Information

Employees, officers and directors must take great care to maintain the confidentiality of all Sierra Monitor confidential information, as appropriate. Confidential information includes any information that has not been made available to the public that provides insight into our current or anticipated business activities. It also includes important nonpublic information about firms with which we have dealings, including customers and suppliers.

Company Spokespersons

Specific policies have been established regarding who may communicate information to the press and the financial analyst community. All inquiries or calls from the press regarding financial matters and financial analysts should be referred to the Chief Financial Officer. Sierra Monitor has designated its CFO as the official spokesman with respect to financial matters. Sierra Monitor has designated members of its Marketing and Sales department as official spokespeople for marketing, technical and other such information. Unless otherwise expressly approved by Sierra Monitor, these designees are the only people who may communicate with the press on behalf of Sierra Monitor.

Government Inquiries

Sierra Monitor's policy is to cooperate with every reasonable request of government investigators for information. At the same time, Sierra Monitor is entitled to all the safeguards provided by law for the benefit of persons under investigation or accused of wrongdoing, including legal representation. If a representative of any government or government agency seeks an interview with you or requests access to data or documents for the purposes of an investigation, you should refer the representative to the Audit Committee of the Board of Directors. You also should preserve all materials, including documents and e-mails, that might relate to any pending or reasonably possible investigation.

VIII. FAIR DEALING

Each employee, officer and director must endeavor to deal fairly and in good faith with Sierra Monitor's customers, suppliers, competitors, shareholders and employees. No employee, officer or director shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practices.

Sierra Monitor's policy is to select, place and work with all our employees and officers without discrimination based on race, color, national origin, gender, age, religion, disability, veteran's status, or actual or perceived sexual orientation. Equal opportunity is one of Sierra Monitor's firmest and most basic beliefs.

Further, it is the responsibility of each of us to help Sierra Monitor provide a work atmosphere free of harassing, abusive, disrespectful, disorderly, disruptive or other nonprofessional conduct. Sexual harassment in any form, verbal or physical, by any employee, officer or director will not be tolerated. A violation of this policy will be treated with appropriate discipline, which may include termination.

IX. PROTECTION AND PROPER USE OF COMPANY ASSETS

All employees, officers and directors must protect Sierra Monitor's assets and ensure their efficient use. Such assets include, without limitation, intellectual property such as the Sierra Monitor name, logos, trademarks, patents, copyrights, confidential information, ideas, plans and strategies. Theft, carelessness and waste have a direct impact on Sierra Monitor's profitability. Aside from nominal, incidental use of company property, all company assets should be used only for legitimate business purposes. Any misuse or infringement of Sierra Monitor's assets should be reported to the Audit Committee of the Board of Directors.

X. PUBLIC COMPANY REPORTING

As a result of our status as a public company, Sierra Monitor is required to file periodic and other reports with the SEC and make other public communications. Sierra Monitor takes its public disclosure responsibility seriously to ensure that these reports and other communications furnish the marketplace with full, fair, accurate, timely and understandable disclosure regarding Sierra Monitor's business including its financial condition.

XI. RECORDS RETENTION

If an employee, officer or director becomes aware of a subpoena or a pending, imminent or contemplated litigation or government investigation or proceeding involving Sierra Monitor, he or she should preserve all materials, including documents and emails, that may relate to the matter, and contact the Audit Committee of the Board of Directors for guidance.

XII. REPORTING ILLEGAL OR UNETHICAL BEHAVIOR

All employees, officers and directors have a duty to adhere to this Code of Conduct. Employees are encouraged to talk to supervisors, managers or other appropriate personnel about ethical dilemmas and about the best course of action in a particular situation.

Violations of this Code of Conduct or other illegal or unethical conduct by employees, officers or directors of Sierra Monitor must be reported to the Sierra Monitor Ethics Hotline at the e-mail address or voice mail box set forth on the front page of this Code of Conduct. Confidentiality will be maintained to the fullest extent possible. **Anonymous reports should be submitted to the Audit Committee of the Board of Directors via regular or interoffice mail.**

No employee will be penalized for making a good faith report of violations of this Code of Conduct or other illegal or unethical conduct, nor will we tolerate retaliation of any kind against anyone who makes a good faith report. An employee, officer or director who submits a false report of a violation, however, will be subject to disciplinary action. If you report a violation and in some way also are involved in the violation, the fact that you stepped forward will be considered.

The Audit Committee of the Board of Directors will investigate all reports of violations. You should not investigate on your own but leave such work to the appropriate persons chosen by the Audit Committee of the Board of Directors. If the result of an investigation indicates that corrective action is required, Sierra Monitor will decide what steps to take, including, when appropriate, legal proceedings and disciplinary action which may include termination, to rectify the problem and avoid the likelihood of its recurrence.

XIII. AMENDMENT, MODIFICATION AND WAIVER

This Code of Conduct may be amended, modified or waived by the Board of Directors of Sierra Monitor or a committee thereof. Any waiver of this Code of Conduct for executive officers or directors must be disclosed promptly to our stockholders to the extent mandated by applicable legal or regulatory requirements.

XIV. ACKNOWLEDGMENT

Employees, officers and directors are accountable for knowing and abiding by these policies. Sierra Monitor may periodically require that employees, officers and directors sign an acknowledgment confirming that they have received and read this Code of Conduct, understand it and are complying with it. [A full copy of this Code of Conduct may be found on Sierra Monitor's intranet site.]