

IDENTIVE GROUP, INC.  
Form DEF 14A  
April 28, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**IDENTIVE GROUP, INC.**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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**IDENTIVE GROUP, INC.**

**NOTICE OF**

**2014 ANNUAL MEETING OF STOCKHOLDERS**

**May 22, 2014**

**TO OUR STOCKHOLDERS:**

You are cordially invited to attend the 2014 Annual Meeting of Stockholders of Identive Group, Inc. (the Company), a Delaware corporation, to be held on May 22, 2014, at 8:00 a.m., local time, at our offices located at 39300 Civic Center Drive, Suite 150, Fremont, California, for the following purposes:

1. To elect two Class I directors to serve for a three-year term ending at the annual meeting of stockholders in 2017 and until their successors have been duly elected and qualified or until they resign or are removed;
  2. To approve an amendment to the Company's Fourth Amended and Restated Certificate of Incorporation, as amended (the Restated Certificate), and to authorize our Board of Directors, if in their judgment it is necessary, to effect a reverse stock split of the Company's common stock, \$0.001 par value per share (the Common Stock), at a ratio within the range of 1-for-3 to 1-for-10, such ratio to be determined in the discretion of our Board of Directors;
  3. To approve an amendment to the Restated Certificate, to increase the number of authorized shares of our Common Stock from 130,000,000 to 145,000,000 shares;
  4. To approve an amendment to the Restated Certificate to change the name of the Company from Identive Group, Inc. to Identiv, Inc.;
  5. To approve amendments to the Company's 2011 Incentive Compensation Plan to increase the number of shares reserved for issuance by 10,000,000 shares and to increase certain individual award limits;
  6. To ratify the appointment of BDO USA, LLP, an independent registered public accounting firm, as the independent auditor of the Company for the fiscal year ending December 31, 2014;
  7. To vote on a non-binding advisory resolution on the compensation of the Company's named executive officers (Say on Pay); and
  8. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.
- The foregoing items of business are more fully described in the Proxy Statement accompanying this notice.

**The Board of Directors of the Company recommends that you vote FOR the approval of each of the proposals outlined above and as more fully described in the accompanying Proxy Statement.**

Only stockholders of record at the close of business on April 21, 2014 are entitled to notice of and to vote at the 2014 Annual Meeting of Stockholders and any adjournments or postponements thereof. A list of stockholders entitled to vote at the Annual Meeting will be available for

inspection at the U.S. headquarters of the Company.

All stockholders are cordially invited and encouraged to attend the Annual Meeting. Whether or not you plan to attend the meeting in person, it is important that your shares be represented and voted. Accordingly, please review our proxy materials and request a proxy card to sign, date, and return or submit your proxy or voting instruction card, as applicable, by telephone or through the Internet. Instructions for each type of voting are included in the Notice of Internet Availability of Proxy Materials that you received and on the proxy card. If you attend the Annual Meeting and vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted.

By Order of the Board of Directors of

Identive Group, Inc.

Brian Nelson

Chief Financial Officer and Secretary

Fremont, California

April 28, 2014

**ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. IN ANY EVENT, TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING, WE URGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE BY FOLLOWING THE INSTRUCTIONS INCLUDED WITH THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS OR THE PROXY CARD. THANK YOU FOR ACTING PROMPTLY.**

IMPORTANT: Please vote your shares via telephone or the Internet, as described in the accompanying materials, to assure that your shares are represented at the meeting, or, if you received a paper copy of the proxy card by mail, you may mark, sign and date the proxy card and return it in the enclosed postage-paid envelope. If you attend the meeting, you may choose to vote in person even if you have previously voted your shares.

**IDENTIVE GROUP, INC.**

**PROXY STATEMENT**

**FOR**

**2014 ANNUAL MEETING OF STOCKHOLDERS**

**May 22, 2014**

**INFORMATION CONCERNING SOLICITATION AND VOTING**

**General**

The Board of Directors of the Company is furnishing this Proxy Statement to you in connection with the solicitation of proxies for use at our 2014 Annual Meeting of Stockholders (the Annual Meeting) to be held on May 22, 2014, at 8:00 a.m., local time, at our offices at 39300 Civic Center Drive, Suite 150, Fremont, California, or any adjournment(s) or postponement(s) thereof, for the purposes set forth in this Proxy Statement and in the accompanying notice of our Annual Meeting. References in this proxy statement to the Company, we, our, us and Identiv Group or Identiv are to Identiv Group, Inc.

Copies of this Proxy Statement, the enclosed proxy card and our 2013 Annual Report to Stockholders are expected to first be sent or given to stockholders on or about April 28, 2014.

**Important Notice Regarding Internet Availability of Proxy Materials and Annual Report**

Pursuant to the rules of the Securities and Exchange Commission (SEC), we are providing access to our proxy materials, including this Proxy Statement, together with a notice of the meeting and our Annual Report, over the Internet. In addition to receiving your proxy materials for this year's Annual Meeting via mail, you will have the ability to access the proxy materials at <http://www.materials.proxyvote.com/45170X>.

**Record Date**

Our Board of Directors has fixed the close of business on April 21, 2014 as the record date (the Record Date) for the determination of our stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment(s) or postponement(s) thereof.

**Shares Outstanding**

At the Record Date, 79,231,608 shares of our Company's common stock, par value \$0.001 per share (Common Stock), were outstanding and entitled to vote at the Annual Meeting. Our Common Stock is listed on the NASDAQ Capital Market under the symbol INVE.

**Quorum**

The holders of one-third (1/3) of the outstanding shares of our Common Stock entitled to vote at the meeting, present in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes (as described below) will be treated as being present at the Annual Meeting for purposes of establishing a quorum for the transaction of business.

**Voting Rights and Vote Required**

Each stockholder of record on the Record Date is entitled to one vote per share of Common Stock held by him or her on the Record Date on all matters submitted for consideration of, and to be voted upon by, the stockholders at the Annual Meeting.





Assuming that a quorum is present, the affirmative vote of a plurality of the votes cast is required for the election of the nominee for director. No stockholder will be entitled to cumulative votes at the Annual Meeting for the election of any members of our Board of Directors.

The proposals to increase the number of shares of our Common Stock authorized, change our name and effect a reverse split of our Common Stock require the affirmative vote of the holders of a majority of the outstanding shares of our Common Stock.

The proposal to amend the 2011 Incentive Compensation Plan requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

All other matters being submitted to stockholders require the affirmative vote of a majority of the votes cast. Proposal No. 7 (the Say on Pay proposal) is a non-binding, advisory proposal.

Shares which abstain from voting as to a particular matter and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter ( broker non-votes ) will be counted for purposes of determining whether a quorum is present for the transaction of business, but will not be considered as voting on such matter. Accordingly, neither abstentions nor broker non-votes will have any effect upon the outcome of voting with respect to the election of directors, which requires a plurality of the votes cast, or other matters being submitted to stockholders, which require an affirmative vote of a majority of votes cast.

All votes will be tabulated by the inspector of elections appointed for the Annual Meeting. The inspector of elections will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

#### **Voting Procedures**

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company LLC, you are considered the stockholder of record with respect to those shares. As the stockholder of record, you have the right to vote in person at the meeting. If you choose to do so, you can bring your proxy card or vote using the ballot provided at the meeting. However, even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.

If you hold your shares in street name through a stockbroker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of shares held in street name. Because a beneficial owner is not a stockholder of record, you may not vote these shares in person at the meeting unless you obtain a legal proxy from the broker, bank or nominee that holds your shares, giving you the right to vote those shares at the meeting. If you wish to attend the Annual Meeting and vote in person, you will need to contact your broker, bank or nominee to obtain a legal proxy.

If you are unable to attend the Annual Meeting, you may vote by proxy as follows:

*Internet.* You may submit a proxy over the Internet by following the instructions provided on the separate proxy card.

*Telephone.* You may submit a proxy over the telephone by following the instructions provided on the separate proxy card.

*Mail.* You may submit a proxy by mail by completing, signing and returning the separate proxy card in the prepaid and addressed envelope included with the proxy materials.

Stockholders are urged to specify their choices on the proxy they submit by Internet, telephone or mail. If you submit a proxy, but do not specify how you want to vote on a proposal, in the absence of contrary

instructions, the shares of Common Stock represented by such proxy will be voted as our Board of Directors recommends on each proposal and the persons named as proxies will vote on any other matters properly presented at the Annual Meeting in accordance with their best judgment. Stockholder votes will be tabulated by a representative of Broadridge Financial Solutions, Inc.

Brokers, banks, or other nominees that hold shares of Common Stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion if permitted by the stock exchange or other organization of which they are members. Brokers, banks, and other nominees are entitled to vote shares held for a beneficial holder on routine matters, such as the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm, without instructions from the beneficial holder of those shares, but, absent instructions from the beneficial holders of such shares, they are not entitled to vote shares held for a beneficial holder on non-routine matters, such as the election of directors, authorization of additional shares, change of company name, reverse stock split, amendment of the 2011 Incentive Compensation Plan, and the approval of the advisory resolution on Say on Pay. Consequently, if you do not give your broker specific instructions, your shares may not be voted on the non-routine matters and will not be counted in determining the number of shares necessary for approval, although they will count for purposes of determining whether a quorum exists. **Please instruct your bank or broker so your vote can be counted on all proposals.**

#### **Solicitation of Proxies**

The cost of soliciting proxies will be borne by us. We may reimburse brokerage firms, banks and other persons representing the beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Solicitation of proxies by mail may be supplemented by telephone, facsimile or personal solicitation by our directors, officers, regular employees or others without additional compensation. We reserve the right to retain other outside agencies for the purpose of soliciting proxies.

#### **Revocability of Proxies**

Your proxy is revocable at any time before it is voted at the Annual Meeting either by delivering to the Secretary of the Company a written notice of revocation or a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting, however, will not by itself revoke a proxy previously delivered to us. If you have executed and returned a proxy and are present in person at the Annual Meeting and wish to vote at the Annual Meeting, you may elect to do so by notifying the inspector of elections, thereby suspending the power of the proxy holders to vote the proxy previously delivered by you.

#### **Annual Report and Other Matters**

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 ( Fiscal 2013 ) which was made available to stockholders with or preceding this Proxy Statement, contains financial and other information about our Company, but is not incorporated into this Proxy Statement and is not to be considered a part of these proxy soliciting materials or subject to Regulations 14A or 14C or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act ).

We make all of our filings free of charge on our website, [www.identiv.com](http://www.identiv.com), including our proxy statements (including this Proxy Statement), our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K, as well as Form 3, Form 4, and Form 5 Reports of our directors, officers, and principal stockholders, together with amendments to these reports filed or furnished pursuant to Section 13(a), 15(d), or 16 of the Exchange Act.

We will also provide to each stockholder of record as of the record date, without charge, copies of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, this Proxy Statement, and the related proxy card. Requests for copies may be made in writing directed to our executive offices at 39300 Civic Center Drive, Suite 160, Fremont, California 94538, Attention: Investor Relations, or by telephone at (949) 553-4251, or by e-mailing us at [IR@Identiv.com](mailto:IR@Identiv.com).

**Stockholder Proposals for 2015 Annual Meeting of Stockholders**

Stockholder proposals submitted for inclusion in our proxy materials for the 2015 Annual Meeting of Stockholders pursuant to Rule 14a-8 under the Exchange Act must be received at our principal offices at 39300 Civic Center Drive, Suite 160, Fremont, California 94538, Attention: Secretary, by December 31, 2014; provided, however, that if the date of the annual meeting has been changed by more than 30 calendar days from the date of the Annual Meeting, then the deadline is a reasonable time before the Company begins to print and send its proxy materials.

**PROPOSAL NO. 1****ELECTION OF CLASS I DIRECTORS**

Our Board of Directors is divided into three director classes with staggered three-year terms. Currently there are eight directors and one vacancy on the Board of Directors. Three directors serve in Class I (whose terms expire at this Annual Meeting), three directors serve in Class II (whose terms expire at the 2015 Annual Meeting) and two directors serve in Class III (whose terms expire at the 2016 Annual Meeting).

The Nominating Committee of the Board of Directors has recommended, and our Board of Directors has proposed, that Steven Humphreys and Daniel Wenzel be elected as Class I directors at the Annual Meeting. Dr. Hans Liebler has not been nominated for re-election but will continue to serve through the end of his current term. Our Board of Directors remains in the process of seeking candidates for the vacant Class I and Class III director positions and therefore we have a fewer number of nominees and directors than the number fixed by our Bylaws or a resolution adopted by the Board of Directors. Stockholders may not vote for a greater number of persons than the number of nominees named herein. Unless otherwise instructed, the proxy holders named in the enclosed proxy will vote the proxies received by them for Messrs. Humphreys and Wenzel, who currently serve as Class I directors of the Company. In the event that any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies received by the proxy holders named in the enclosed proxy will be voted for any nominee who is subsequently designated by the Board of Directors to fill the vacancy. We do not expect, however, that any of the nominees will decline to serve as a director at the Annual Meeting, as each has agreed to serve if elected.

The nominees for Class I Director receiving the highest number of votes will be elected as Class I Directors. A Withhold vote will have no effect on the vote. The nominees elected at the Annual Meeting will serve for a term ending on the date of the 2017 annual meeting of stockholders and until their successors have been elected and duly qualified, or upon the date of their earlier resignation or removal.

Set forth below is information about the directors nominated for election at the Annual Meeting and each of the other current directors:

Name	Age	Position	Director Since
<b>CLASS I DIRECTORS</b>			
Steven Humphreys	53	Director and Chairman	1996
Daniel S. Wenzel	36	Director	2010
<b>CLASS II DIRECTORS</b>			
Saad Alazem	41	Director	2013
Jason Hart	43	Director and Chief Executive Officer	2013
Lawrence W. Midland	72	Director and President	2009
<b>CLASS III DIRECTORS</b>			
Gary Kremen	40	Director	2014
Phil Libin	42	Director	2011

The principal occupations and qualifications of each of the nominees for director as well as the current directors are as follows. There are no family relationships among any of our directors or executive officers.

**BUSINESS EXPERIENCE OF DIRECTORS****Class I Director Nominees**

*Steven Humphreys* has served as a director of the Company since July 1996. He has served as Chairman of the Board since September 2013 and currently serves as a member of the Audit and Nominating Committees and previously served on the Strategic Committee of the Board of Directors. Previously he also served as Lead

Director from May 2010 until April 2013 and as Chairman of the Board of Directors from April 2000 to March 2007 and from July 1996 to December 1996. Mr. Humphreys also has served as an executive officer of the Company, as President from July 1996 to December 1996 and as President and Chief Executive Officer from December 1996 to April 2000. Since November 2011, Mr. Humphreys has served as chief executive officer of Flywheel Software, Inc., a privately-held location-based mobile solutions company. From October 2008 until its acquisition by SMSC in February 2010, Mr. Humphreys served as Chief Executive Officer and President of Kleer Corporation, a maker of wire audio technology. From October 2001 to October 2003, he served as Chairman of the Board and Chief Executive Officer of ActivCard Corporation (now ActivIdentity), a publicly-listed company until December 2010 and a provider of digital identity solutions, for which he also served as a director from March 2008 until December 2010. Previously, Mr. Humphreys was President of Caere Corporation, an optical character recognition software and systems company. Prior to Caere, he spent ten years with General Electric Company in a variety of positions. Currently, Mr. Humphreys also serves as a director of Flywheel Software and of Giraff Technologies AB, a communications robotics device company. Additionally he serves on the board of Summit Preparatory Charter High School in northern California. Mr. Humphreys holds a B.S. degree from Yale University and M.S. and M.B.A. degrees from Stanford University. In determining to nominate Mr. Humphreys for re-election as a director, the Board of Directors considered his many years' experience as an executive officer of technology companies and his involvement with emerging consumer technologies, as well as his knowledge of the U.S. investment markets.

*Daniel S. Wenzel* has served as a director of the Company since January 2010 and currently he serves as chairman of the Nominating Committee and as a member of the Compensation Committee. He was appointed to the Board of Directors following the completion of our business combination with Bluehill ID AG (Bluehill ID). He is a founding partner of Bluehill ID and previously served on the board of directors of Bluehill ID since the company's founding in March 2007. Mr. Wenzel has served since September 2005 as a delegate and member of the board of Mountain Partners AG, a German-Swiss investment group that he co-founded in September 2005 and for which he is responsible for strategic direction and expansion. Mountain Partners AG currently is the largest stockholder of the Company. Previously, Mr. Wenzel was Chief of Staff responsible for all strategy projects and merger and acquisition transactions and financing at ACG AG from 2001 to September 2005, during which time he successfully achieved the spin-off and the sale of a significant division of the technology group. Prior to this, he worked with Dresdner Bank Latin America in 1998, BNP Paribas in 1999 and Bain & Company in 2000. Mr. Wenzel completed his studies at the WHU, Otto Beisheim Graduate School of Business Management, the Helsinki School of Economics, Finland and the Universidad Adolfo Ibañez, Chile, where he obtained a master's degree (Diplom-Kaufmann) in business administration. In determining to nominate Mr. Wenzel for re-election as a director, the Board of Directors considered his experience as an investment professional and his significant knowledge of the capital markets and global technology trends.

#### **Class II Directors Whose Terms Expire in 2015**

*Saad Alazem* has served as a director of the Company since July 2013 and currently serves as Chairman of the Compensation Committee and as a member of the Audit Committee and previously served on the Strategic Committee of the Board of Directors. Mr. Alazem is president of Alazem for Financial Consulting, which he co-founded in 2007 in Saudi Arabia to provide public and private company clients with financial advisory services. From 2000 to 2007, he was an investment officer with Global Financial Markets, International Finance Corporation (IFC) of the World Bank Group in Washington, DC. Mr. Alazem has served as an independent member of the board of directors of Al-Khabeer Capital Bank in Saudi Arabia since 2010 and in Bahrain since 2012, and also serves as a member of the Nomination and Remuneration Committee and the Audit Committee. Since 2008 he also has served as a non-executive member of the board of directors of Mountain Partners AG in Switzerland. Mr. Alazem holds a BS in Industrial Engineering from King Saud University in Riyadh, Saudi Arabia and an MBA in International Management from Thunderbird School of Global Management in Phoenix, Arizona. He brings significant financial and business expertise in international markets to our Board of Directors, encompassing areas such as operational efficiencies, process and productivity improvement, business continuity strategies, financial analysis and general corporate finance as well as debt and equity capital fundraising.

*Jason Hart* was appointed Chief Executive Officer and a director of the Company in September 2013. He previously served as Executive Vice President, Identity Management & Cloud Solutions and CEO of our idOnDemand subsidiary. From November 2007 until its acquisition by the Company in May 2011, Mr. Hart was CEO of idOnDemand, Inc., a pioneering provider of smart card-based identity solutions via the cloud, which he co-founded. From February 2007 to November 2007 he served as CEO and director of ActivIdentity (formerly ActivCard), a provider of identity assurance and strong authentication solutions, where he earlier served as Senior Vice President Sales, Marketing, Professional Services and Product Management. Prior to this, Mr. Hart was the founder and CEO of Procom Development Systems Inc., an identity management software security business that was acquired by ActivCard in 2005. In 2003, Mr. Hart was recognized by Deloitte & Touche for his software export achievements. In 2002, he was recognized by Ernst & Young as the Australian Young Entrepreneur of the Year and was a member of the judging panel in 2005, 2006 and 2007. Mr. Hart's significant experience in the security technology industry, track record of innovation and growth and intimate knowledge of the technologies and markets of the Company bring to the Board of Directors strategic vision and leadership and in the industries and market opportunities in which the Company is engaged.

*Lawrence W. Midland* has served as President of the Company since September 2013 and as a director of the Company since May 2009. Previously he served as Senior Vice President of the Company and as Chairman of our Hirsch subsidiary from January 2012 to September 2013 and as an Executive Vice President of the Company and as President of the Hirsch subsidiary from May 2009 to December 2011, following the completion of the merger of the Company and Hirsch Electronics Corporation. Prior to the merger, Mr. Midland was President of Hirsch Electronics, which he helped found in August 1981, and for which he served as a director. Mr. Midland became President and Chairman of the Board of Hirsch in March 1986 and held those positions continuously until the completion of the merger. Mr. Midland previously served as president of several companies, including Retirement Inns of America, Pension Properties Trust, a California REIT, and Pension Administrative Services. Previously Mr. Midland also held various sales positions in investment related activities following his employment as a field engineer with Shell Oil Company. He holds a B.S. degree in Physics (With Distinction) from the University of Oklahoma and an M.B.A. degree from Pepperdine University. Mr. Midland's intimate understanding of the physical access control industry and the Company's premises solutions business, and his experience in working with the U.S. government market brings to the Board of Directors understanding and insight into technology and sales trends in an area that comprises a significant component of the Company's revenues.

#### **Class III Directors Whose Terms Expire in 2016**

*Gary Kremen* has served as a director of the Company since February 2014. Mr. Kremen is a serial entrepreneur and an investor in over 40 companies, private equity funds and venture capital funds. Companies he has founded include Match.com, the first dating website, Clean Power Finance, the leading white-label residential solar finance company, among others. Mr. Kremen is credited as the primary inventor on a 1995-filed patent for dynamic web pages, and holds three other patents in financial-related systems management. He holds Bachelor of Science degrees in Electrical Engineering and Computer Science from Northwestern University, as well as an MBA from the Stanford University Graduate School of Business. Currently, Mr. Kremen is a principal or managing partner with private companies including CapGain Solutions and Cross Coin Ventures, and serves on the board of directors of several private entities, including WaterSmart Software, CrowdFlower and the Purissima Hills Water District. Mr. Kremen brings to the Board and the Company his significant experience as a technology entrepreneur, his expertise with Internet, mobile and cloud technologies and his connections to the investment community in Silicon Valley, all of which are relevant to the Company's strategy to deliver trust solutions for the connected world.

*Phil Libin* has served as a director of the Company since May 2011 and currently serves as a member of the Compensation Committee and previously served on the Strategic Committee of the Board of Directors. Currently he serves as chief executive officer and director of Evernote, a consumer Internet company that enables users to capture, store and locate information, photos, experiences or ideas on a variety of mobile devices and platforms.

Prior to joining Evernote in May 2007, in October 2001 he founded CoreStreet, a provider of smart credential and identity management technologies to governments and large corporations throughout the world, where he served as president and a member of the board of directors until its acquisition by ActivIdentity in January 2009. In October 1997, Mr. Libin founded Engine 5, a Boston-based Internet software development firm where he also served as CEO until the company's acquisition in January 2011 by Vignette Corporation, a provider of internet content management software, where Mr. Libin subsequently served as principal architect and chief technologist for applications. Mr. Libin's experience with mobile platforms, identity management and the consumer sector provide the Board of Directors and the Company with understanding and insight into the opportunities and challenges created by the intersection of these markets and their relationship to the Company's strategy to deliver trust solutions for the connected world.

To our knowledge, there are no family relationships between any of our directors and any other of our directors or executive officers.

### **Director Independence**

Our Board of Directors has reviewed the independence of each of our directors and our director nominee and considered whether any director or nominee has had a material relationship with the Company or our management that could compromise his ability to exercise independent judgment in carrying out his duties and responsibilities. As a result of this review, our Board of Directors affirmatively determined that all of our directors, including all of our directors who served in Fiscal 2013 and all directors nominated to the Board of Directors for 2014, other than Messrs. Hart and Midland, and Ashour, are independent under applicable rules of the NASDAQ Stock Market and the SEC.

In connection with the determination of independence of Saad Alazem and Daniel S. Wenzel, our Board of Directors considered each director's relationship with the Company's largest stockholder, Mountain Partners AG, of which Mr. Alazem is an independent member of the board of directors and Mr. Wenzel is a co-founder and partner. Our Board of Directors determined that such relationships would not compromise Mr. Alazem's or Mr. Wenzel's ability to exercise independent judgment in carrying out their duties and responsibilities. In agreeing to serve as members of our Board of Directors, Mr. Alazem and Mr. Wenzel must act independently of Mountain Partners AG in discharging their fiduciary duties to stockholders of the Company and also are obligated not to disclose to Mountain Partners AG or use for their own benefit any confidential information that they may obtain during their service on our Board of Directors. Mr. Alazem and Mr. Wenzel each disclaim shared voting or dispositive power over any securities held by Mountain Partners AG.

## **BOARD MEETINGS AND COMMITTEES**

### **Board Leadership Structure**

In accordance with our Bylaws, the Board of Directors elects all officers of the Company, including our Chief Executive Officer and our Chairman, and each of these positions may be held by the same person or may be held by two persons. The Board of Directors has determined that a Lead Independent Director should be elected when the roles of the Chairman of the Board and the Chief Executive Officer are filled by the same person, and that Lead Independent Director should be an independent director as defined by applicable NASDAQ Stock Market rules and the Company's Corporate Governance Guidelines, and be elected annually. The role of the Lead Independent Director is to coordinate the activities of the independent directors, to advise the Chairman of the Board as to the information provided by Company management to the independent directors, to manage executive sessions of the Board of Directors' independent directors, and to act as principal liaison between the independent directors and the Chairman of the Board.

Currently, Jason Hart serves as our Chief Executive Officer and Steven Humphreys, who is an independent director, serves as Chairman of the Board of Directors. Prior to Mr. Hart's appointment in September 2013,

Ayman S. Ashour served both as Chief Executive Officer and as Chairman of the Board, Mr. Humphreys served as Lead Independent Director through March 2013 and Hans Liebler served as Lead Independent Director from April to September 2013. The Board of Directors believes that the current structure of the Board of Directors is appropriate to effectively manage the affairs of the Company.

### **The Board of Directors Role in Risk Oversight**

The Board of Directors has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. The Board of Directors regularly reviews information regarding the Company's credit, liquidity and operations, as well as the risks associated with each. The Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Audit Committee of the Board of Directors oversees management of financial risks. The Nominating Committee manages risks associated with the independence of the Board of Directors and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board of Directors is regularly informed through committee reports about such risks.

### **Board Meeting Attendance**

Our Board of Directors held 13 meetings in 2013, of which 12 were telephonic meetings and one was a physical meeting. During 2013, we had three standing committees: an Audit Committee, a Compensation Committee and a Nominating Committee. Each standing committee has a written charter which is available on the Corporate Governance page within the Investor Relations section of our website at [www.identiv.com](http://www.identiv.com). The Board of Directors may choose to amend its committee charters from time to time. All members of our standing Board committees are appointed by the Board of Directors and are non-employee directors. From time to time the Board of Directors may choose to create additional committees.

Each of our current directors attended at least 75% of the meetings of the Board of Directors and meetings of committees on which he served during 2013, except for Mr. Clarke. During each physical Board of Directors meeting and additionally as needed, our independent directors meet in executive session without Company management present to address any issues they determine to be appropriate. The Lead Independent Director or independent Chairman of the Board presides at such executive sessions.

### **Communications with the Board of Directors**

Although we do not have a formal policy regarding communications between our stockholders and our Board of Directors, stockholders may communicate with the Board of Directors by sending an email to [IR@Identiv.com](mailto:IR@Identiv.com) or by writing to the Board of Directors at: Identive Group, Inc., 39300 Civic Center Drive, Suite 160, Fremont, California 94538, Attention: Investor Relations. The Investor Relations staff will forward such communication to the Board of Directors or to any individual director or directors to whom the communication is directed as applicable, if the communication is relevant to the Company's business and financial operations, policies or corporate philosophy. If the communication is unduly hostile, threatening, illegal or similarly inappropriate, or advertisements, solicitations for periodicals or other subscriptions, and other similar communications are received, the Investor Relations staff has the authority to discard the communication or take appropriate legal action regarding the communication.

### **Director Attendance at Stockholder Meetings**

We do not have a policy regarding director attendance at stockholder meetings. No directors attended the 2013 Annual Meeting of Stockholders.



### COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors currently has three standing committees, the Audit, Compensation and Nominating Committees, which are composed of independent directors appointed by the Board of Directors. From time to time the Board of Directors may choose to create additional committees. The charters of each of our standing committees are available on the Corporate Governance page within the Investor Relations section of our website at [www.identiv.com](http://www.identiv.com).

The following table sets forth the composition of our Board committees during 2013 and currently:

Name of Director	Audit Committee	Compensation Committee	Nominating Committee
Saad Alazem (1)	Member from July 1, 2013	Chair from July 1, 2013	
Ayman S. Ashour (2)			
Richard A Clarke (3)			
Steven Humphreys	Member		Member
Phil Libin		Member	
Dr. Hans Liebler	Member; Chair from July 1, 2013		Member
Lawrence W. Midland			
Simon Turner (4)	Former Chair until June 30, 2013	Former Chair until June 30, 2013	
Daniel Wenzel		Member	Chair

- (1) Mr. Alazem was elected to the Board of Directors effective July 1, 2013.
- (2) Mr. Ashour resigned from the Company effective September 3, 2013 and from the Board of Directors effective December 31, 2013.
- (3) Mr. Clarke left the Board of Directors due to professional commitments on June 4, 2013.
- (4) Mr. Turner resigned from the Board of Directors effective July 1, 2013.

#### Audit Committee

The Audit Committee of our Board of Directors, established in accordance with Section 3(a)(58)(A) of the Exchange Act, assists our Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of our financial reporting processes, system of internal control, process for monitoring compliance with laws and regulations, audit process and standards of business conduct. The internal audit and Sarbanes-Oxley compliance personnel of the Company report directly to the Audit Committee. Currently, the Audit Committee consists of Messrs. Alazem, Humphreys and Liebler, and Dr. Liebler serves as Chairman. Previously, Mr. Turner served as Chairman of the Audit Committee until his departure from the Board of Directors at the end of June 2013. The Audit Committee held seven meetings during 2013.

Our Board of Directors has determined that each member of the Audit Committee is an independent director within the rules of the NASDAQ Stock Market and the requirements set forth in Rule 10A-3(b)(1) of the Exchange Act. Our Board of Directors has further determined that Stephen Humphreys is an audit committee financial experts as defined by Item 407(d)(5) of Regulation S-K under the Exchange Act.

In discharging its duties, our Audit Committee, among its other duties:

Selects the independent auditors, reviews the independent auditors fee arrangements, proposed audit scope and approach; and pre-approves audit and non-audit services provided to the Company by the independent auditors (or subsequently approving

non-audit services in those circumstances where a subsequent approval is necessary and permissible).

Reviews on a continuing basis the adequacy of the Company's system of internal controls.

Reviews the performance of the Company's independent auditors and determines whether it is appropriate to adopt a policy of rotating independent auditors on a regular basis.

Oversees the independence of the Company's independent auditors.

Reviews with management and the Company's independent auditors such accounting policies (and changes therein) of the Company, including any financial reporting issues which could have a material impact on the Company's financial statements, as are deemed appropriate for review by the Audit Committee prior to any interim or year-end filings with the SEC or other regulatory body.

Meets with management and the independent auditors to review and discuss the annual financial statements and the report of the independent auditors thereon and, to the extent the independent auditors or management brings any such matters to the attention of the Audit Committee, to discuss significant issues encountered in the course of the audit work, if any, such as restrictions on the scope of activities or access to required information.

Meets quarterly with management and the independent auditors to review and discuss the quarterly financial statements.

Meets at least quarterly with the auditors in order to ensure sufficient independence is maintained from management and to provide the opportunity for the auditors to brief the members of the Audit Committee in confidence.

Reviews the Company's policies relating to the avoidance of conflicts of interest and reviews past or proposed transactions between the Company, members of the Board of Directors and management as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets.

Reviews all related party transactions for potential conflicts of interest.

See *Report of the Audit Committee of the Board of Directors* below for more information.

### **Compensation Committee**

The Compensation Committee of our Board of Directors held three meetings and took action via unanimous written consent on three occasions during 2013. Currently, the Compensation Committee consists of Messrs. Alazem, Libin and Wenzel, and Mr. Alazem serves as Chairman. Previously, Mr. Turner served as Chairman of the Compensation Committee until his departure from the Board of Directors at the end of June 2013. The Board of Directors has determined that each member of the Compensation Committee currently serving or having served during 2013 is independent within the meaning of the applicable SEC and NASDAQ Stock Market rules.

Pursuant to its charter, the Compensation Committee has responsibility for and authority to:

Review and approve corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and set the Chief Executive Officer's compensation level based on this evaluation;

Develop, review and approve compensation policies and practices applicable to the Company's officers who are deemed to be executive officers of the Company for SEC reporting purposes, including the criteria upon which executive compensation is based,

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the specific relationship of corporate performance to executive compensation and the composition of benefits;

Make recommendations to the Board of Directors with respect to the Company's incentive compensation and equity-based compensation plans;

Review the compensation and benefits offered to non-employee directors and recommend changes to the Board of Directors as appropriate; and

Administer and evaluate the Company's incentive, equity-based and other executive compensation programs, including approving guidelines, granting awards and establishing annual award levels for employee stock options, units, restricted shares and other incentive and equity-based awards under such programs, interpreting and promulgating rules relating to the plans, modifying or canceling awards, designating eligible participants and imposing limitations and conditions on awards.

The Compensation Committee is authorized to delegate any portion of its authority to subcommittees and to engage external independent consultants, as deemed necessary.

**Processes and Procedures.** On an annual or more frequent basis, the Company's Chief Executive Officer recommends to the Compensation Committee salary, annual bonus and long-term compensation levels for less senior officers, including the other named executive officers. The executive officers named in the Summary Compensation Table of this proxy statement are referred to as our Named Executive Officers. Each Named Executive Officer is reviewed annually based on whether various performance objectives were met during the preceding review period. An evaluation of each officer's performance is presented to the Compensation Committee and used in the Compensation Committee's review and analysis of such officer's overall compensation. No other Named Executive Officer currently has a role in determining or recommending the form or amount of compensation paid to the Named Executive Officers, other than providing such financial or other information as the Compensation Committee may request from time to time. Although the participation of our CEO could influence performance targets, our Compensation Committee rather than our CEO makes all determinations regarding performance goals and targets. Our CEO does not attend any portion of meetings at which his compensation is discussed.

**Independent Compensation Consultant.** As indicated above, pursuant to its charter, the Compensation Committee has the power, in its discretion, to retain at the Company's expense, such independent counsel and other advisors and experts as it deems necessary or appropriate to carry out the Compensation Committee's duties. Under its charter, the Compensation Committee has the express authority to decide whether to retain a compensation consultant to assist in the evaluation of compensation. If the Compensation Committee decides in its discretion to retain such a firm, the Board of Directors delegates to the Compensation Committee the sole authority to retain and terminate any compensation consultant engaged to assist in the evaluation of the compensation of the Company's senior executive officers (including all of the Named Executive Officers).

The Company did not engage a compensation consultant to advise on executive compensation in 2013.

**Compensation Committee Interlocks and Insider Participation.** No director who served on the Compensation Committee during 2013 and no current member of the Compensation Committee is a current or former executive officer or employee of the Company. No director who served on the Compensation Committee had any relationships requiring disclosure by the Company under the SEC's rules requiring disclosure of certain relationships and related-party transactions.

**Analysis of Risk in Compensation Programs.** In setting compensation, the Compensation Committee also considers the risks to the Company's stockholders, and the Company as a whole, arising out of the Company's compensation programs. The Compensation Committee did not perform a risk analysis of the Company's compensation practices in 2013. Previously, the Compensation Committee considered the various elements of the Company's compensation practices, including base salary, annual bonus programs, short and long-term incentive awards, the use of cash and equity awards, and how performance is evaluated. While our annual bonus programs may encourage short-term risk taking on the part of participating employees, the Compensation Committee believed that these risks were balanced by the use of fixed base salaries and long-term equity incentives that encourage employees to take a long-term view of our business aligned with the interests of the Company's stockholders. The Compensation Committee did not identify any risks arising from the Company's compensation policies and practices reasonably likely to have a material adverse effect on the Company.

## Nominating Committee

The Nominating Committee assists in identifying individuals qualified to become members of the Board of Directors. Currently, the Nominating Committee consists of Messrs. Humphreys, Liebler and Wenzel, with Mr. Wenzel serving as the committee's Chairman. The Board of Directors has determined that each of the members of the Nominating Committee is independent within the meaning of the NASDAQ Stock Market director independence standards. The Nominating Committee held three meetings during Fiscal 2013.

## POLICY FOR DIRECTOR RECOMMENDATIONS AND NOMINATIONS

The primary role of the Nominating Committee is to develop and recommend to the Board of Directors criteria for identifying and evaluating director candidates and to establish a procedure for consideration of director candidates recommended by our stockholders. The Nominating Committee periodically assesses the appropriate size of the Board of Directors and whether any vacancies are expected due to retirement or otherwise. In the event that vacancies are anticipated, the Nominating Committee seeks to identify and evaluate potential candidates at meetings of the Nominating Committee, which can take place at any point during the year.

Candidates may come to the attention of the Board of Directors through current members of the Board of Directors, professional search firms, stockholders or other parties. All candidates are evaluated based on a review of the individual's qualifications, skills, independence and expertise. The Nominating Committee will consider candidates submitted by stockholders as nominees for election as directors of the Company. Stockholders wishing to have the Nominating Committee consider a candidate should submit the name(s) and supporting information to Corporate Secretary, c/o Identive Group, Inc., 39300 Civic Center Drive, Suite 160, Fremont, California 94538, and should include the following information: (a) the name(s) and address(es) of the stockholder(s) making the recommendation and of the persons to be nominated; (b) a representation that the stockholder is a record holder of stock of the Company entitled to vote for the election of Directors on the date of such notice and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in the Proxy Statement filed pursuant to the proxy rules of the SEC, had the nominee been nominated, or intended to be nominated, by the Board of Directors; (e) the consent of each nominee to serve as a director of the Company if so elected; and (f) appropriate biographical information and a statement as to the qualifications of the candidate. Written notice of a nomination must be received by us within the timeframe described under *Stockholder Proposals for 2015 Annual Meeting of Stockholders* above.

As part of its selection process, the Nominating Committee may consider recommendations of director candidates with diverse backgrounds and experience who are expected to enhance the quality of the Board of Directors, serve stockholders' long-term interests and contribute to our overall corporate goals. Pursuant to our Corporate Governance Guidelines, we endeavor to have a Board of Directors representing diverse experience at policy-making levels in various areas that are relevant to our global activities. While the Nominating Committee has not established specific minimum criteria for candidates, the philosophy of the Nominating Committee is that directors should possess the highest personal and professional ethics, integrity and values, informed judgment, and sound business experience and be committed to representing the long-term interests of our stockholders. Candidates must also have an inquisitive and objective perspective, the ability to make independent analytical inquiries, practical wisdom and mature judgment. In evaluating candidates, the Nominating Committee may consider a candidate's work experience related to our business, general professional experience and overall expected contributions to the Board of Directors in relation to other directors already serving on the Board of Directors. When evaluating existing directors for nomination for re-election, the Nominating Committee may also consider the directors' past Board of Directors and committee meeting attendance and participation.

The Nominating Committee evaluates stockholder-recommended candidates using the same process and the same criteria it uses to evaluate candidates from other sources.

The Nominating Committee has the authority to retain outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions, including sole authority to retain and terminate any search firm used to identify director candidates, and to approve the search firm's fees and other retention terms.

## **CORPORATE GOVERNANCE**

The Company and our Board of Directors regularly review and evaluate the Company's corporate governance practices. The Company's corporate governance documents are posted on the investor relations page of our website at [www.identiv.com](http://www.identiv.com).

### **Corporate Governance Guidelines**

The Board of Directors has adopted Corporate Governance Guidelines that assist the directors in following corporate practices that serve the best interests of the Company and its stockholders, including guidelines relating to board composition, director qualifications and selection process, director independence, board committees and auditor independence. The Corporate Governance Guidelines are available on the Corporate Governance page within the Investor Relations section of our website at [www.identiv.com](http://www.identiv.com). The Nominating Committee and the Board of Directors review the Corporate Governance Guidelines annually and the Board of Directors may amend the Corporate Governance Guidelines at any time.

### **Insider Trading Policy**

Under our Code of Conduct and Ethics, all employees are prohibited from using confidential information for stock trading purposes. To use material, non-public information for personal financial benefit or to tip others who might make an investment decision on the basis of this information is not only unethical and against Company policy, it is also illegal. We maintain an insider trading policy applicable to all of our Directors, officers, and employees, their family members, and specially designated outsiders who have access to the Company's material non-public information. This policy includes restrictions on the timing of transactions involving the Company's stock and establishes a Compliance Committee that must authorize all proposed stock trades by officers, directors and designated key employees. Sales of stock obtained through the exercise of stock options are subject to the restrictions of Company trading windows and blackout windows and must be pre-approved by a representative of the Compliance Committee.

### **Code of Conduct and Ethics**

The Board of Directors has adopted a Code of Conduct and Ethics for all of our employees, including our Chief Executive Officer, Chief Financial Officer and any other principal accounting officer, and for the members of our Board of Directors. Our Code of Conduct and Ethics is posted on the Corporate Governance page within the Investor Relations section of our website, at [www.identiv.com](http://www.identiv.com). The Board of Directors may amend the Code of Conduct and Ethics at any time and has the sole authority to approve any waiver of the Code of Conduct and Ethics relating to the activities of any of our senior financial officers, other executive officers and directors.

## COMPENSATION OF DIRECTORS

During 2013, each non-employee member of our Board of Directors was eligible to receive compensation consisting of cash and options awards, which are further described below.

### *Annual Cash Compensation*

During 2013, each non-employee member of our Board of Directors was eligible to receive cash compensation, payable quarterly, as detailed below. However, a director may elect to take, in lieu of cash, restricted stock units or stock under the Company's 2011 Incentive Compensation Plan (the 2011 Plan). Cash compensation for each eligible director included:

an annual retainer of \$25,000 paid in cash, or \$30,000 paid in stock (representing the cash fee amount plus a 20% uplift for agreeing to accept shares in lieu of cash);

beginning in May 2013, an additional annual retainer for service as Lead Director of the Board of Directors;

an additional annual retainer of \$5,000 for service on the Audit Committee of the Board of Directors, except for the committee Chairman, who is eligible to receive an annual retainer of \$10,000, with all amounts paid in cash or stock; and

an additional annual retainer of \$2,000 for service on the Compensation or Nominating Committees of the Board of Directors, except for the Chairman of such committees, each of whom is eligible to receive an annual retainer of \$4,000, with all amounts paid in cash or stock.

Additionally, the Company reimburses its non-employee directors for all reasonable out-of-pocket expenses incurred in the performance of their duties as directors, which in practice primarily consist of travel expenses associated with Board of Directors or committee meetings or with committee assignments.

### *Equity Compensation*

During 2013, each of the Company's non-employee directors was eligible to receive option awards under the terms of the 2011 Plan. Under this plan, each new member of the Board of Directors is automatically granted an option to purchase 10,000 shares of Common Stock, or such other number of shares as determined by the Board of Directors in its sole discretion. Continuing members of the Board of Directors who have served for at least six months receive an annual option grant to purchase 20,000 shares of Common Stock on the date of our Annual Meeting of stockholders. Both of these option grants vest 1/12th per month over the one-year period following the date of grant.

Non-employee directors who served on the Strategic Committee were eligible to receive an option grant to purchase 5,000 shares of Common Stock each quarter, with such options granted at the end of each quarter and being fully vested at the date of grant. The Strategic Committee was dissolved as of April 15, 2014.

For directors who elect to receive shares in lieu of cash as payment for their service on the Board of Directors, such shares may not be sold for so long as such director serves on the Board of Directors except in exceptional circumstances and subject to the prior approval of the Compensation Committee.



**Director Compensation for Fiscal 2013**

The following Director Compensation Table sets forth summary information concerning the compensation paid to our current and former non-employee directors for their services to the Company in Fiscal 2013: