

# CLARCOR

## *Corporate Conduct Guidelines*



ETHICS HELPLINE • 24 HOURS A DAY/7 DAYS A WEEK

 *AlertLine*  
**1-877-846-8878**

# Corporate Conduct Guidelines

To our employees:

Since CLARCOR was organized in 1904, Company policy has been to comply with all laws (both domestic and foreign), in letter and in spirit, and to adhere to the highest ethical standards in the conduct of our business. That is still our policy. We follow it enthusiastically, because we believe it is the soundest approach to business and personal success in a complex and competitive world.

CLARCOR people are known for their high ethical standards and personal integrity. In conducting business, employees are charged with complying with all laws, protecting the interests of the Company, and avoiding personal actions that may conflict with Company interests.

Our central obligation is to constantly improve the image and reputation of CLARCOR—irreplaceable assets that are determined by what each of us does day in and day out. To ensure that each of us has a clear understanding of the Company's expectations of us, we are issuing these Corporate Conduct Guidelines. This booklet includes the Guidelines, and in the following sections describes procedures by which Guidelines and Company policies are to be implemented:

- Compliance: Employee Resources and Responsibilities
- General Business Conduct Guidelines
- Conflict of Interest Guidelines
- Safety, Health, and Environment Guidelines
- Human Resources Guidelines

Please read this booklet carefully and become familiar with its contents. It is impossible to describe how these Guidelines apply to every situation you may confront. Therefore, should a situation arise that is not covered, or if you have any questions as to its meaning, you should seek guidance from your supervisor or the Company's General Counsel (1-800-252-7267). Once you read and understand the Guidelines, please sign a Compliance Acknowledgment (next page) and return it to your Human Resources Department. You will be asked periodically to certify that you have complied with the Guidelines.

We attach the utmost importance to the observance of Company policies and guidelines; because, in the final analysis, CLARCOR's excellent reputation depends on the honesty, integrity, and good judgment of all of us.

*Norman E. Johnson, Chairman, President and Chief Executive Officer*

**CLARCOR Inc.**  
**Compliance Acknowledgment**

To: Human Resources

I have a copy of CLARCOR's Corporate Conduct Guidelines dated July 1, 2005.

I certify the following:

1. I have read the Guidelines and to the best of my knowledge I am in compliance with them.
2. I am aware of my responsibility to promptly report any known or suspected violations of the Guidelines.

\_\_\_\_\_  
NAME (PLEASE PRINT)

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
EMPLOYER

\_\_\_\_\_  
LOCATION

Note: Please return completed form to your Human Resources Department.

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## **Compliance with Corporate Conduct Guidelines and Policies: Employee Resources and Responsibilities**

### ***Our Responsibilities for Compliance***

CLARCOR's compliance program reflects the joint responsibility of the Company and each employee to comply with the laws that govern the activities of the Company around the world. The program is structured to provide CLARCOR's employees with the information necessary to adhere to the high ethical standards the Company has lived by since its founding. Each of us is accountable for compliance with these Guidelines, all laws and regulations applicable to our activities, and other

policies and procedures prepared by our Company and its subsidiaries and operating units. Managers are responsible for ensuring that their employees understand and abide by these standards.

As used in these Guidelines, the terms "CLARCOR" and "Company" mean CLARCOR Inc. and each of its subsidiaries and affiliates.

Compliance with the Corporate Conduct Guidelines and other Company policies will be monitored by the Corporate Compliance Officer. The Corporate Compliance Officer will be the General Counsel. The General Counsel can be contacted at 1-800-252-7267 or by email at [compliance@clarcor.com](mailto:compliance@clarcor.com). The responsibilities of the Corporate Compliance Officer include:

- Implementing, with the assistance of appropriate Company managers, compliance training, monitoring and auditing procedures designed to assure compliance with and enforcement of the Guidelines;
- Ensuring that the Guidelines and other policies are kept current;
- Responding to questions about the Guidelines;
- Overseeing investigations of reported violations of the Guidelines; and
- Monitoring legislative and regulatory developments that impact the Guidelines.

The Compliance Officer will report periodically on the compliance program's implementation to the Company's Board of Directors.

### ***You Are Encouraged to Ask Questions***

These Guidelines cannot provide definitive answers to all questions. For that we must ultimately rely on each person's good sense of what is required to adhere to the Company's high standards, including a sense of when it is proper to seek guidance on the appropriate course of conduct.

The Company is committed to providing timely and specific guidance to employees with respect to the Guidelines and other policies. If you have a question concerning the Guidelines, or the Company's related policies or procedures, or feel the need to seek guidance with respect to a legal or ethical question, you should consult your Human Resources Department, higher levels of management, or the Corporate Compliance Officer. Questions may be asked by calling 1-800-252-7267 or by writing to the Corporate Compliance Officer.

### ***You Must Report Violations***

CLARCOR's ongoing success in achieving legal and ethical compliance depends on each employee seeking advice before problems occur and reporting incidents that raise compliance issues.

It makes no difference whether an employee engages in illegal or unethical conduct to benefit himself or herself and others, or whether he or she does so in a misguided attempt to benefit CLARCOR. Good intentions do not justify improper conduct: violation of the law or Company policy for any purpose is unauthorized and unacceptable.

It is the obligation of all employees to report known or suspected violations of the law or Company policies to their supervisor, the Human Resources Department, the Corporate Compliance Officer, or

through the Company's *Alertline*. Any person to whom such a report is made must, in turn, report the conduct to the Corporate Compliance Officer. If you believe that the person to whom you have reported has not taken appropriate action, you should contact the Corporate Compliance Officer directly. Any employee who fails to report a suspected violation will be held accountable and subject to disciplinary action.

The Alertline is a toll-free phone number (1-877-846-8878) which is staffed by an outside answering service and will be available 24 hours a day, seven days a week. Reports on the Alertline may be made on an anonymous basis if you desire.

If you observe a violation of law, it may also be appropriate for you to notify appropriate law enforcement agencies. In that regard, you may wish to consult with your own legal counsel or the Corporate Compliance Officer.

No person reporting a suspected violation will be intimidated or retaliated against by the Company because of his or her having made a good faith report. Any employee responsible for reprisals against individuals who in good faith report suspected misconduct will be subject to disciplinary action, including termination where appropriate.

It is preferred that you give your identity when reporting violations, to allow the Company to contact you in the event further information is needed to pursue an investigation. All information provided will be kept confidential to the extent possible under the circumstances. However, you may anonymously report violations. In either case, employees who report violations should maintain all information related to the report in strict confidence and not discuss such information except with Company officials conducting the investigation.

If you are involved in the violation, the fact that you reported the violation, together with the degree of cooperation displayed by you and whether the violation is intentional or unintentional, will be given consideration by the Company in its investigation and any resulting disciplinary action.

### ***Requests***

Requests for guidance may be made in writing addressed to the Corporate Compliance Officer at the Corporate Office, by e-mail at [compliance@clarcor.com](mailto:compliance@clarcor.com) or by phone, 1-800-252-7267. A sufficiently detailed description of the factual basis for the report should be given in order to allow an appropriate investigation.

### ***Investigations of Violations***

All reports to CLARCOR concerning compliance will be promptly and fairly investigated and will be treated confidentially to the extent possible under the circumstances.

It is imperative that reporting persons not conduct their own investigations. Investigations may involve complex legal issues. Acting on your own may compromise the integrity of an investigation and adversely affect both you and the Company. However, measures should be taken promptly to preserve documents and other items relevant to the investigation. It is a violation of CLARCOR's policy to conceal an offense or to alter or destroy evidence.

Employees are expected to cooperate in the investigation of any alleged violation. If the result of the investigation indicates that corrective action is required, the Company will decide what steps it should take to rectify the problem and avoid its recurrence.

### ***Discipline for Violations***

Disciplinary actions, including discharge, may be taken:

- Against employees who authorize or participate in actions which violate the law, the Guidelines,

or the Company's policies.

- Against employees who fail to report a violation of law, the Guidelines, or the Company's policies, or withhold information concerning a violation of which they become aware or should have become aware;
- Against the violator's supervisor(s), to the extent that the circumstances of the violation reflect inadequate supervision or lack of diligence by the supervisor(s); against Company personnel who attempt to retaliate, directly or indirectly, or encourage others to do so, against an employee who reports a violation;
- Against employees who make a report of a violation which is known by the reporting person to be false.

### ***Employee Acknowledgment of Compliance***

Due to the importance of maintaining compliance with the Guidelines and the ethical as well as legal principles they reflect, the Company requires that all current employees sign and return an Acknowledgement Form, confirming that they have received and read the Guidelines and are in compliance with them. All new employees will similarly be required to acknowledge their receipt and understanding of the Guidelines and their commitment to comply with them. In addition, periodically each employee and each director will be sent a form to be signed and returned, certifying that he or she is in compliance with the Guidelines. Abiding by the standards and procedures outlined in the Guidelines and the Company's policies and procedures is a condition of continued employment with the Company. The Guidelines are a statement of policies for individual and business conduct and do not, in any way, create any contractual or other employment rights or any assurance of continued employment inasmuch as all employment is at will, terminable by either the employee or the Company at any time, with or without cause and with or without notice.

### ***Applicability of the Guidelines***

The Guidelines are applicable to all employees, officers, directors, and agents of CLARCOR Inc. and its subsidiaries, both foreign and domestic. Copies of the Guidelines, available from local Human Resources representatives, should be provided to persons or entities retained and authorized to act on behalf of the Company in areas to which the Guidelines are applicable.

## ***General Business Conduct Guidelines***

### ***Protecting Confidential Information***

Employees may become aware of confidential information (that is, information not available to the public) concerning the affairs and business transactions of CLARCOR, its present and prospective customers, its suppliers, its shareholders, and other employees. Safeguarding confidential information is essential to the conduct of the Company's business.

CLARCOR's trade secrets, proprietary information, and much of its internal information are valuable strategic business assets. Protection of this information's secrecy is the obligation of every employee even after you leave CLARCOR. CLARCOR's proprietary information and trade secrets may consist of any formula, design, device, or information which is used in our business, and which gives CLARCOR an opportunity to obtain a competitive advantage.

Caution and discretion are required in the use of confidential information. Your obligations with respect to CLARCOR's trade secrets and proprietary information and other confidential information to which you have access by reason of your employment at CLARCOR are:

- Not to disclose the information to persons outside of CLARCOR.
- Not to use this information for your personal benefit or the benefit of persons outside CLARCOR.
- To share this information only with other CLARCOR employees who have a legitimate "need to know."

If you have a question as to whether information is confidential, proprietary, or a trade secret, you should contact the Corporate Compliance Officer.

For further information regarding the Company's guidelines for maintaining confidential information, please refer to the section entitled "Conflict of Interest Guidelines – Misuse of information obtained by employees in their employment" on page 11.

Information concerning a customer or vendor may be released, with the consent of the customer or vendor involved, to third parties, organizations, or governmental bodies that seek it. All other requests for information concerning a customer or vendor (other than routine credit inquiries), including requests pursuant to legal process (such as subpoenas or court orders), must be promptly referred to the Company's General Counsel. No information may be released, nor should the customer or vendor involved be contacted, until so authorized by the General Counsel. Failure to follow these procedures can result in civil penalties against CLARCOR.

### **Information Requests**

Requests for financial or business information about CLARCOR from the media, press, financial community, or the public, should be referred to either the Company's CEO or CFO to ensure appropriate and timely response. Requests for information or other contacts from the Securities and Exchange Commission, the New York Stock Exchange or other regulators must be referred to the General Counsel. Questions regarding employees or former employees must be referred to the local Human Resources Department.

It is critical that employees not respond to any such inquiries or contacts themselves because any inappropriate or inaccurate response, even a denial or disclaimer of information, may result in adverse publicity and could otherwise seriously affect the Company.

This policy does not apply to requests for published financial information, such as Annual and Quarterly Reports, or to requests concerning normal marketing, product, or promotional publicity activities of the Company.

For further information regarding the Company's guidelines for maintaining confidential information, please refer to the section of our Conflict of Interest Guidelines, entitled "Misuse of information obtained by employees in their employment," on page 11.

### **Litigation Discovery**

It is the policy of CLARCOR to respect the judicial process. Truth in that process is essential. Therefore, employees involved in litigation discovery shall:

- Treat litigation discovery as a priority;
- Use experienced individuals who have a proven record to handle discovery;
- Thoroughly and continuously review any questions they have with the attorneys handling the matter and fully and completely comply with the instructions received from them; and
- Immediately report any suspected non-compliance to the General Counsel.

### **Manipulation of Company Information**

CLARCOR employees may not engage in any actions to intentionally manipulate or alter any Company information. This includes but is not limited to any financial or operational data. It is very important to note that the integrity of Company financial and operational information is the responsibility of management, accountants and all other employees involved in the preparation and/or distribution of this information, and those employees will be held accountable.

### *CLARCOR Guidelines on Computer, E-mail, and Internet Usage*

CLARCOR's computer equipment and systems for Internet access and e-mail communication are the property of the Company and have been provided to you as a business tool to be operated under established guidelines. You will be asked to read and sign these detailed guidelines when you first become an employee of the Company and thereafter on a periodic basis. You can get a copy of the guidelines at any time from or through your local HR department.

Generally, you will be expected to use the system for business purposes only and to take care to avoid transmitting or receiving inappropriate (such as sexual, racial or obscene) or "junk" mail or subjecting the system to viruses. CLARCOR reserves the right to monitor the use of its computer based electronic systems and to review or inspect all material retrieved by an employee from the internet. No communications or downloads using CLARCOR's equipment or systems are private or confidential.

## **You, CLARCOR and the Antitrust Laws**

The purpose of the antitrust laws, which are also known as competition laws outside of the United States, is to ensure a fair and competitive free market system. While CLARCOR competes aggressively in its many business activities, its efforts in the marketplace must be conducted in accordance with the letter and spirit of the applicable antitrust laws. Many of the countries in which CLARCOR does business also have antitrust or competition laws that we must observe.

### **Agreements and Contacts With Competitors**

Some of the most serious antitrust offenses are between competitors (which can include CLARCOR's own distributors with which the Company competes in the sale of products) such as agreements to fix prices or to divide customers, territories, or markets.

CLARCOR must always make its pricing decisions independently of its competitors. CLARCOR also may not agree with a competitor to divide customers or territories, or to refrain from selling a certain product or service in any geographic region or to any category of customer. These agreements, like price fixing, are always illegal.

Contact with competitors, and particularly exchanges of information with competitors (including benchmarking activities), can be filled with antitrust hazards because the antitrust laws prohibit agreements among competitors that unreasonably restrain trade. Unlawful agreements need not take the form of a written contract or consist of express commitments or mutual assurances. Courts can infer agreements based on "loose talk," informal discussions, or the mere exchange between competitors of information from which pricing or other collusion could result. Any communication with a competitor's representative, no matter how innocuous it may seem at the time, may later be subject to legal scrutiny and form the basis for accusations of improper or illegal conduct.

To minimize this risk, contacts with competitors must be kept to an absolute minimum. Membership in trade associations is permissible only if approved in writing in advance by your supervisor. In all contacts with competitors, avoid discussing pricing policy, terms and conditions, costs, marketing and product plans, market surveys and studies, production plans and capabilities, and any other proprietary or confidential information. Collaboration or discussion of these subjects with a competitor can be illegal. If a competitor raises any of them, even lightly or with apparent innocence, you should object, stop the conversation immediately, and tell the competitor that under no circumstances can you discuss these matters. If necessary, you should leave the meeting. You should also advise the Corporate Compliance Officer of such conversation.

### **Relationships With Customers and Suppliers**

Relationships with customers and suppliers can also be subject to a number of antitrust prohibitions. Attempts to restrict a customer's reselling activity through resale price maintenance are generally illegal. Agreements with a competitor or customer to refuse to buy from or sell to any person may also be unlawful. While CLARCOR generally is allowed to determine by itself that it does not wish to buy from or sell to a particular person, when such a decision is reached jointly with others it may be illegal, regardless of whether it may seem commercially reasonable. In addition, CLARCOR may not agree with a supplier to limit that supplier's sales to any of CLARCOR's competitors.

Some other activities that raise antitrust issues are discrimination in terms and services offered to customers, exclusive dealing arrangements with customers or suppliers, and tie-in sales ("tying"). Tying occurs when a buyer is required as a condition of purchasing one product to also purchase a second, distinct product. No programs involving these activities should be implemented without first consulting the Corporate Compliance Officer.

### **Consequences of Violations**

The consequence for CLARCOR and its employees of not complying with the antitrust laws are extremely serious. Violation of some antitrust provisions is a felony in the United States and can lead to fines and imprisonment for the individuals involved and to even heavier fines for the Company. Moreover, even in the absence of a criminal prosecution, civil antitrust suits may be brought to recover treble damages and attorneys' fees. Whenever you have any doubt as to whether a contemplated action raises issues under the antitrust laws, you should consult the Corporate Compliance Officer.

### *Contributions and Donations*

The Company's policy regarding contributions and donations provides that disbursements of corporate funds will be made in full compliance with all applicable laws, and that no disbursements of corporate funds will be made, either directly or indirectly, to any organization which fosters or encourages racial, religious, class, or other prejudices.

### **Political Contributions**

All employees must comply with all campaign finance and ethics laws. Federal law and Company policy prohibit the use of Company funds, assets, services, or facilities on behalf of a federal political party or candidate except under certain limited circumstances.

The Company is prohibited from compensating or reimbursing any employee or individual associated with the Company, in any form, for a political contribution that the person intends to make or has made. All solicitations of employees and individuals associated with the Company for political contributions must communicate that these contributions are voluntary, that no one will be prejudiced as a result of their decision not to contribute, and that political contributions are not tax deductible.

Non-U.S. employees may not make contributions or expenditures in connection with U.S. elections, although permanent resident aliens (so-called "green card" holders) may make contributions and participate in the U.S. election process.

### *Improper Payments and Gifts*

#### **Commercial Bribery**

The giving or receiving of any bribes, kickbacks, or similar payments of any sort, to or from any entity doing or seeking to do business with the Company is strictly prohibited.

The Company, therefore, prohibits the payment or giving of a gift, gratuity, or entertainment of more than token or nominal value to suppliers or customers or their agents, employees or fiduciaries. The Company also strictly forbids the acceptance or receipt by any employee, agent or consultant of CLARCOR of any gift, gratuity, entertainment or other item of monetary value of more than token or nominal value from the Company's suppliers or customers, or their agents, employees or fiduciaries. Prior approval must be obtained from the Corporate Compliance Officer for all gifts having more than nominal value. If you are not sure whether the gift has more than nominal value, you should contact the Corporate Compliance Officer, but anything with a value of more than \$100 would be suspect.

No payment on behalf of the Company may be approved or made with the intention, understanding, or awareness that any part of the payment is to be used for any purpose other than that described by the documents supporting the payments. All receipts and disbursements must be fully and accurately described in the books and records of the Company and must be supported by the appropriate documentation properly describing the purposes thereof.

### **Payments and Gifts to Government Officials**

It is absolutely prohibited to give, offer, or promise anything of value in the form of a bribe, gratuity, or kickback to any public official. For more detailed guidance see the section of these General Business Guidelines entitled "Doing Business With the Government," on page 9. Federal law also prohibits giving anything of value to foreign government officials to obtain or retain business or affect any government act or decision. See the section of these General Business Conduct Guidelines entitled "Foreign Corrupt Practices Act," on page 8. Personal funds may not be used to do what is otherwise prohibited with Company funds.

### ***International Business***

All employees are expected to comply with the laws of the country in which they operate. The fact that in some countries certain laws prohibiting particular conduct are not enforced in practice, or that violation is not subject to public criticism or censure, will not excuse non-compliance. If you have a question as to whether certain activities are prohibited, contact the Corporate Compliance Officer. You must abstain from the activity in question until you have been informed that the activity is not prohibited. All employees also must comply strictly with U.S. laws and regulations applicable to the conduct of business outside the United States. Certain of these U.S. laws and regulations are summarized below.

### **Antiboycott Laws**

It is the policy of the Company to conduct its business in accordance with all U.S. business and tax antiboycott laws and regulations. In general, the antiboycott laws and regulations are designed to prevent businesses from cooperating with unsanctioned foreign boycotts of countries friendly to the United States whether by way of (i) refusal to do business with another person, (ii) discriminatory employment practices, (iii) furnishing information on the race, religion, sex or national origin of any U.S. person, (iv) furnishing information concerning any person's affiliations or business relationships with a boycotted country or any person believed to be restricted from doing business in the boycotting country, or (v) utilization of letters of credit containing boycott provisions.

The Company is required to abstain from all prohibited conduct or any agreement to engage in such conduct and must make prompt reports of any request for prohibited boycott cooperation or information. All employees are required to promptly report any such violation or request to the Corporate Compliance Officer.

### **U.S. Embargoes**

It is the policy of the Company to conduct its business in accordance with the trade restrictions imposed under the International Emergency Economic Powers Act, the Trading With the Enemy

Act, the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996, and the related Executive Orders and Treasury Department regulations. As of the end of 2003, trade restrictions were in effect with respect to North Korea, Cuba, Iran, Libya, Myanmar, Sudan, and the former Yugoslavia. The provisions and restrictions imposed under these regulations (which generally cover foreign-based subsidiaries of U.S. companies as well as foreign-based U.S. citizens and permanent residents) vary and the countries covered are subject to change. Such prohibitions and restrictions may affect exports, imports, travel, currency transactions and assets and accounts. Generally speaking, what may not be done directly also may not be done or arranged through third parties or permitted by conscious non-supervision. The civil and criminal sanctions that may be imposed for violations are very severe. Accordingly, employees with responsibility for international activities should consult frequently with the Corporate Compliance Officer regarding these matters. Any business dealings involving any of the countries noted above (and others that may be added) are to be reviewed in advance with the Corporate Compliance Officer.

### **Export Control**

Under the Export Administration Regulations administered by the U.S. Commerce Department, the export of goods and services from the United States may require a specific export license from the Commerce Department. The same may apply to transshipment of U.S. origin goods from the country of original destination to a third country, and to exports of foreign made goods with U.S. content.

### ***Foreign Corrupt Practices Act***

The Foreign Corrupt Practices Act makes it a crime for companies, as well as their officers, directors, employees, and agents, to bribe a foreign official, political party, party official, or candidate for the purpose of obtaining or retaining business. The Act also requires covered companies to maintain accurate books, records, and accounts, and to devise a system of internal accounting controls sufficient to provide reasonable assurance that, among other things, the Company's books and records fairly reflect in reasonable detail, its transactions and dispositions of its assets.

CLARCOR's long-standing policies are fully consistent with the Act.

### **Facilitating Payments**

There may be instances in which the customs of an area dictate, and local legal interpretations allow, incidental payments or gratuities to local officials to expedite the proper performance of "routine governmental action." Payments of this nature do not fall within the prohibition of the Act. Nevertheless, even though such payments may possibly be expected in accordance with area customs and legal interpretations and would confer no improper business advantage on the Company, every effort should be made to avoid them, consistent with the normal and competitive functioning of the Company's business, the provisions of the Act as described above, and other laws and Company directives. In the event any such payments are considered necessary, it is imperative that they be correctly recorded and accounted for on the Company's books. In any case, the approval of the Corporate Compliance Officer must be obtained before facilitating payment is made.

### **Recordkeeping Requirements**

CLARCOR's policies and the recordkeeping requirements of the Act require that all transactions appear accurately and properly on the books and records of the Company and that they be carried out pursuant to existing monetary and approval authorities, and to other internal control requirements. Strict adherence to established procedures for opening and closing bank accounts is also necessary to ensure proper control over disbursements of funds. Should any employee have questions regarding the Foreign Corrupt Practices Act or compliance with any other law, the complete facts should be submitted to his or her supervisor or the head of the respective department, division or subsidiary, and, if considered necessary, the situation is to be referred to the Corporate Compliance Office for guidance.

### *Doing Business With the Government*

All Company employees engaged in government contracting activities are required to comply with all applicable laws, rules, and regulations for doing business with the government at the federal, state and local level.

#### **Improper Payments and Gifts**

In particular, employees and agents of the Company are prohibited from offering, giving, receiving, or soliciting any form of bribe, rebate, gratuity, honorarium, or kickback to or from a government employee or agent. Various federal, state and local governmental agencies, legislatures, and executive branches have their own rules which, with a few minor exceptions, prohibit giving gifts or other gratuities to their employees. Therefore, no CLARCOR employee should pay, in whole or in part, for a government employee's meals, entertainment, travel, or other similar expenses or gifts, whether using corporate or personal funds, without the prior approval of the Corporate Compliance Officer. In countries where local customs call for giving gifts on special occasions, you may, with prior approval of the Corporate Compliance Officer, present gifts that are lawful, appropriate, and of nominal value in the context of the recipient's position and in circumstances which would not be construed as seeking special favor.

#### **Obtaining Government Business**

In obtaining government business, the Company must use only legitimate methods. Employees are strictly prohibited from seeking or receiving information which the Company is not authorized to possess concerning potential government business. This would include, but is not limited to, proprietary data, pricing information of other competitors for government contracts, and non-public documents relating to government purchasing. Any questions concerning appropriate conduct with respect to government contacting should be directed to the Corporate Compliance Officer.

#### **False Statements to Government Officials**

It is a violation of Company policy as well as criminal statutes for employees to make false statements or false claims for payment to the government. A false statement to a government official may be made orally or in writing, and may be made by making an affirmatively misleading statement, or by concealing a material fact from a government official. Moreover, an employee may violate this policy even if he or she does not make the statement directly, but only provides false information to another employee or a third party, knowing that it will later be provided to the government. This policy applies in particular to any and all certifications and forms provided to the government.

#### **Employing Government Employees**

Employees should also note that strict laws govern recruiting and/or negotiating with government employees for future employment at the Company, particularly if the government employee had any role in awarding or managing contracts with the Company. Prior written approval of the Corporate Compliance Officer must be obtained before communicating with any current or former government employee about working for the Company as an employee, agent or consultant.

### *Fraudulent Conduct*

CLARCOR employees may not engage in any scheme to defraud anyone out of money, property, or honest services. Such conduct is in violation of Company policy and the law, and carries severe penalties.

#### **Safeguarding Company Assets**

The Company relies on its internal controls and the personal integrity of all employees in safeguarding Company assets against damage, theft, and other unauthorized use. Irregularities include, but are not limited to, dishonest or fraudulent activity which results in the misappropriation of Company assets for personal gain.

## Reporting of Irregularities

Employees who become aware of known or suspected irregularities must report them promptly pursuant to the reporting procedures described in the section entitled "Compliance With Corporate Conduct Guidelines and Policies: Employee Resources and Responsibilities," beginning on page 1.

### **Conflict of Interest Guidelines**

#### *Conflict of Interest Policy*

You have a primary responsibility to CLARCOR and are expected to avoid any activity that may interfere, or have the appearance of interfering, with the performance of this responsibility. A conflict of interest exists if your outside business or other interests may affect adversely, or have the potential to affect adversely, your motivation or performance. An individual may have this type of conflict of interest not only when he or she is in fact improperly influenced, but also when a situation lends itself to improper influence. A conflicting interest may subconsciously influence even the most conscientious person and the mere existence of that interest may cause the propriety of an employee's acts to be questioned.

#### *Examples:*

The following are examples of activities which are prohibited as violating the Company's conflict of interest policy. These examples are illustrative only and are not intended to be all-inclusive:

#### **1. Ownership of interests in and involvement with those with whom the Company does business, such as suppliers, contractors, or customers.**

No employee shall own or have any interest, directly or indirectly, in any supplier, contractor, subcontractor, customer, or other person or Company with whom the Company does business or with whom the Company is associated in a business enterprise. Ownership of such interests by an immediate family member, or by any third party in trust for an employee, is equivalent to ownership by the employee. Ownership of stock or securities amounting to less than one percent of the outstanding stock or securities of a publicly held corporation will not violate this policy.

No employee shall solicit or accept, or offer or give, directly or indirectly, any payment, loan, service, entertainment, travel, or gifts of more than nominal value from or to any person or company with whom the Company does business or is considering doing business. For more detailed guidelines concerning payments and gifts to and from entities and individuals with whom the Company does business, including government agencies and employees, see the sections of CLARCOR's General Business Conduct Guidelines entitled "Improper Payments and Gifts" (page 9), "Foreign Corrupt Practices Act" (page 8) and "Doing Business With the Government" (page 9).

#### **2. Outside activities of employees**

Any employee seeking to serve as a consultant to, or as a consultant, employee, partner, or part-time employee of, an organization that is a competitor, customer, or supplier of CLARCOR, must obtain the prior written approval of his or her Human Resources Department.

Any employee seeking election or appointment to the Board of Directors of a "for profit" organization must obtain the prior written approval of the Chief Executive Officer. Elected officers and heads of business units and subsidiaries must obtain the prior written approval of the Chief Executive Officer before accepting election or appointment as a Director or Trustee of a "not-for-profit" organization, with all other employees requiring prior Human Resources Department approval.

All employees must obtain the prior written approval of the Chief Executive Officer for election or appointment to any government related position.

Even if an employee receives no pay from this organization and/or has no direct or indirect contact with the organization in the performance of his or her work for CLARCOR, there is a risk that he or she may inadvertently disclose proprietary information to the organization or cause the organization to benefit through his or her Company contacts and general knowledge of CLARCOR's operations. A conflict of interest may also exist if the employee's outside activities, which in and of themselves may not be conflicts of interest, are so demanding on the employee's time that they interfere with the employee's job performance.

### ***3. Activities of immediate family members***

Since individuals tend to identify their interests with those of their immediate family members, immediate family members of employees should refrain from activities that are improper for the employee to engage in. In addition, it is important not to discuss confidential Company business with anyone, including relatives. Members of an employee's immediate family should not discuss Company business in the presence of others. Employees may have immediate family members who are employed by a supplier, competitor, or customer of the Company. In such instances employees must strictly comply with the Conflict of Interest Guidelines and treat the family member as any other customer, competitor, or supplier on matters relating to Company business. Such family member's employment is not prohibited if it does not create an actual or potential conflict of interest with the CLARCOR employee.

### ***4. Collaboration with adverse parties in litigation***

No employee shall serve in any capacity on behalf of the Company's adversaries in litigation or threatened litigation, nor shall any employee accept, directly or indirectly, any remuneration from such persons. This applies as well to interests adverse to CLARCOR in arbitration or in proceedings before administrative agencies or other governmental bodies. This prohibition generally does not apply to an employee's exercise of statutorily protected rights.

### ***5. Appropriation or diversion of corporate property or opportunity***

Unless authorized to do so, no employee shall remove, copy, or make personal use of Company property, including files, documents, and records. No employee shall use any information, including that developed through research, technology or know-how, if such use would in any way be detrimental to the Company. No employee shall appropriate for his or her own use or the unauthorized use of third parties any of the Company's communications equipment, computers and related facilities or any of the Company's technical or business information, including but not limited to financial and accounting information, data, contracts, or other business papers, drawings, sketches, maps, or other documents (or copies thereof) of a confidential, proprietary, or secret nature.

Likewise, no employee shall appropriate or divert to any other person or company any business or financial opportunity in which he knows, or could reasonably anticipate, that the Company would be interested. Examples include, but are not limited to, interests in real estate, possible acquisitions of other properties or businesses, potential contracts with a supplier, and permits from governmental authorities.

### ***6. Misuse of information obtained by employees in their employment***

The law, as well as Company policy, prohibits an employee from using material information which has not been disclosed to the public generally for his or her personal benefit, or to assist or enable others, whether inside or outside the Company, to do so. Any information is "material" which, if publicly disclosed, might influence investors in their decisions as to whether or not to buy or sell CLARCOR stock.

Therefore:

- No employee shall purchase stock of the Company (either in the market or by exercise of stock options or by direction to the 401(K) plan and except for previously initiated regular purchases under the Employee Stock Purchase Plan [ESPP]) when he or she has any undisclosed material information concerning CLARCOR.
- No employee shall sell stock of the Company (either in the market or by direction to the 401(K) plan or Employee Stock Purchase Plan [ESPP]), when he or she has any undisclosed material information concerning CLARCOR.
- The directors and certain officers and key managers of CLARCOR may buy or sell only during a specified window period beginning two days after the public release of CLARCOR quarterly and annual financial results. You should contact the Corporate Compliance Officer for the date on which the window closes. If such individuals have material undisclosed information, transactions during such window periods are prohibited.
- No employee shall disclose confidential information concerning the Company to any outsider, including relatives and friends.
- No employee shall purchase or sell stock in other companies when the employee has confidential information which, if publicly disclosed, might influence investors in their decisions as to whether or not to buy or sell stock of such other company. For example, an employee should not purchase or sell stock in another company associated with CLARCOR in a business enterprise, whether as a joint participant, acquisition candidate or otherwise, at a time when he or she has undisclosed material information respecting such other company.

### **Violations**

An employee violating the Conflict of Interest Policy may be subject to discharge, liable to the Company for damages, and criminal prosecution as provided by applicable law. Additionally, former employees and non-employees who unlawfully obtain or use Company information can also be personally liable for damages and subject to criminal prosecution. Also an employee can be held personally liable for damages to persons from whom the employee buys or to whom the employee sells stock who do not have knowledge of undisclosed material information.

An employee's obligation not to misuse confidential information obtained by reason of employment continues even after employment ceases. For further information regarding the Company's guidelines on misuse of confidential information, please refer to the section of the General Business Conduct Guidelines entitled "Protecting Confidential Information" on page 3.

### ***Duty to Report and Seek Guidance about Conflicts of Interest***

Should any employee have a question regarding a personal situation that may present a possible conflict of interest, or have reason to believe that any situation has occurred which may violate this policy, whether by that employee or another, the complete facts must be submitted to the employee's supervisor or the head of the employee's department, division or subsidiary or through the Alertline. Employees may also contact the Corporate Compliance Officer directly.

## **Safety, Health and Environment Guidelines**

### ***Safety and Health Policy***

While the Company has the commitment to provide a safe and healthful workplace, each employee has a personal and vital responsibility to contribute to safe work performance. Through such joint effort, an accident-and-injury-free work environment will be achieved. CLARCOR believes that it is in the best interest of all to protect the safety and health of its employees. Therefore, CLARCOR's safety and health policy is:

- To provide safe and healthful workplaces, tools, equipment and materials free of preventable hazards.
- To provide effective safety and health management at all levels within the Company.
- To maintain reasonable safety rules and practices with firm and fair enforcement and to effectively communicate these rules, practices and procedures to all employees.
- To promote good safety and health attitudes by enlisting the efforts of all employees and by providing appropriate recognition for superior safe work performance.
- To provide appropriate employee training and information so each person can acquire the skills and knowledge needed to work in a safe and responsible manner.
- To provide appropriate medical and industrial hygiene programs and services for employee health conservation.
- To protect the safety and health of employees while achieving improvements in productivity.
- To promote employee safety and health, both on and off the job.
- To maintain leadership in safety and accident prevention by constantly improving safety performance, with the objective of reducing accidents to a minimum.

### ***Product Policy***

CLARCOR recognizes the importance of safeguarding the health and safety of those who handle and use the Company's products. Therefore, it is the Company's policy:

- To comply with all product safety laws and regulations.
- To provide products that are safe and environmentally sound when manufactured, packaged, transported, stored, handled, used, and disposed of properly.
- To conduct appropriate testing on our products to identify any potential health or environmental risks.
- To provide appropriate warnings of identified health, safety, and environmental hazards and timely information on the safe handling and use of CLARCOR products.
- To counsel our employees, customers, and all those in the distribution chain in the safe transportation, storage, handling, use, and disposal of our products.

### ***Environmental Policy***

CLARCOR recognizes the importance of safeguarding the environment wherever it conducts its business. Therefore, the Company's environmental policy is:

- To comply with environmental laws and regulations.
- To conduct our operations in a manner which demonstrates respect for the quality of the environment.
- To cooperate with federal, state, and local governments in analyzing emerging environmental issues, finding solutions to environmental problems, and developing cost-effective, scientifically based environmental standards.
- To maintain effective environmental procedures and equipment, consistent with available technology.
- To respond quickly and effectively to environmental incidents involving Company facilities, equipment, or products under our control.
- To encourage development of new technology which inherently provides improvement in the quality of the environment.
- To provide environmental training programs for CLARCOR employees, emphasizing individual responsibility for sound environmental management.
- To maintain corporate and departmental environmental monitoring programs to ensure compliance with CLARCOR's policy and governmental requirements.

**Human  
Resources  
Guidelines**

*Equal Employment Opportunity & Affirmative Action*

Our dedicated and loyal employees are our most important resource. Every employee deserves respect, dignified treatment, and the opportunity to develop and advance to the utmost of his or her capabilities. All employees need to feel they are valued contributors who can make a difference in the Company.

CLARCOR is committed to providing its employees with a professional work environment that is free from all forms of unlawful discrimination. This includes a prohibition of sexual harassment and harassment for any other unlawful reason, such as harassment on the basis of race, religion, color, gender, age, national origin, disability, or sexual orientation. This commitment continues and is part of our long standing policy to offer equal employment opportunities to all persons, regardless of race, religion, color, gender, age, national origin, sexual orientation or other legally protected status.

The Company administers its employee policies and practices on a nondiscriminatory basis in all matters related to hiring, training, compensation, benefits, promotions, transfers, layoffs, Company-sponsored educational, social and recreational programs, and in all treatment on the job.

*Sexual and Other Forms of Workplace Harassment*

This policy provides protection to all our employees. CLARCOR will not tolerate or condone sexual or other unlawful harassment of its employees, whether engaged in by its own employees, contractors, consultants, clients, customers, vendors or other non-employees who conduct business with us. This policy also prohibits employment actions that are based on an individual's submission to or rejection of unwelcome sexual advances or other behavior prohibited by this policy. This policy applies in all of our offices and in other work related settings, such as business trips and business-related social events.

*Prohibited Behavior*

**Sexual Harassment**

For purposes of this policy, sexual harassment is defined as unwelcome or unwanted conduct of a sexual nature (verbal or physical) when: (1) submission to or rejection of this conduct by an individual is used as a factor in decisions affecting hiring, evaluation, promotion or other aspects of employment; or (2) this conduct substantially interferes with an individual's employment or creates an intimidating, hostile or offensive work environment.

Sexually harassing behavior includes physical, verbal and nonverbal behavior. Each employee must exercise his or her good judgment to avoid engaging in conduct that may be perceived as inappropriate by others. Examples of inappropriate sexual behavior include, but are not limited to:

- Unwanted sexual advances;
- Inappropriate touching or other physical contact;
- Demands for sexual favors in exchange for promotion, retention, or tangible employment action;
- An employment decision made because of an individual's compliance with or failure to comply with sexual demands;
- Repeated sexual jokes, flirtations, advances or propositions, innuendo, or discussions of sexual activity (whether in conversation or through electronic or other means);
- Abuse of a sexual nature or suggestive insulting, obscene comments or gestures;
- Display of sexually suggestive objects or pictures.

**Other Unlawful Harassment**

This policy also prohibits other behavior that harasses an employee on the basis of his or her race, religion, color, gender, age, national origin, disability, sexual orientation, or other legally protected

category. Forms of such harassment can include physical, verbal and nonverbal behavior that harasses, disrupts, or interferes with an employee's work performance or in any way creates or contributes to an intimidating, hostile or offensive work environment. This behavior can include, by way of example only, epithets, slurs, off-color jokes, threats, suggestive or insulting sounds, posters, cartoons, or drawings that are insulting, degrading, derogatory, or ridiculing of one based on his or her race, religion, color, gender, age, national origin, disability, sexual orientation or other legally protected status.

### ***Substance Abuse Policy***

Under its safety and health policy, CLARCOR has the commitment to provide a safe and healthful workplace for employees. As part of this policy, CLARCOR maintains reasonable safety rules, practices and procedures with firm and fair enforcement and communicates these rules, practices and procedures to all employees. At the same time, the Company expects employees to be efficient and productive in performing their job assignments.

Consistent with this policy, the Company has adopted several rules governing employee conduct, including rules which prohibit:

- The manufacture, sale, purchase, transfer, use or possession of illegal drugs, narcotics or other unlawful substances or materials on its premises, or while conducting business for the Company.
- The manufacture, sale, purchase, transfer, use or possession on its premises of substances or materials not authorized by the Company (such as firearms, weapons, intoxicating beverages, drug paraphernalia, or medically authorized drugs used improperly or unsafely).
- Reporting to work or working under the influence of illegal drugs, narcotics, other unlawful substances, or intoxicating beverages.
- Use of Company vehicles while under the influence of illegal drugs, narcotics, other unlawful substances, or intoxicating beverages.

In order to provide a safe and healthful workplace for its employees, to have an efficient and productive work force and to ensure compliance with the above-described rules, the Company will conduct, when deemed necessary, under the conditions described in the procedures applicable to a particular Company facility:

- Searches (with the assistance of law enforcement agencies when the management of the facility believes circumstances warrant) of personnel, vehicles, personal property, or any other items on the facility's premises for illegal drugs or other unlawful or unauthorized substances or materials.
- Tests to determine the presence of any illegal drugs or other unlawful or unauthorized substances in an employee's body.

The Company makes available services to assist employees with alcohol or drug abuse problems.

*July 1, 2005*

