

Conflicts of Interest

This policy #113 is an integral part of the Company's Code of Conduct, which is introduced under policy #111.

Conflicts of Interest

The Company requires that employees avoid any relationship, activity, or ownership that might create a conflict between the employee's personal interest and the Company's interest. A "conflict of interest" occurs when the employee's private interest interferes in any way, or even appears to interfere, with the interests of the Company. A conflict of interest can arise when employees take actions or have interests that may interfere with their ability to perform their jobs objectively and effectively. Conflicts of interest also arise when an employee, or a member of the employee's family, receives improper personal benefits as a result of their position with the Company.

Employees owe a duty of undivided and unqualified loyalty to the Company. Employees may not use their positions improperly to profit personally or to assist others in profiting at the Company's expense. The Company expects each employee to avoid situations that might influence their actions or prejudice their judgment in handling the Company business. Employees must not become obligated in any way to representatives of firms with which they deal and must not show any preference to third parties based on self or family interest. In addition, employees must communicate to the General Counsel any transaction or relationship that could create a conflict of interest or report such a transaction or relationship using any of the other avenues of communication set forth in the Company's Open Door Policy, including anonymous reporting.

Activities that May Cause Conflicts

While not all inclusive, the following will serve as a guide to the types of activities that might cause conflicts of interest:

Outside Financial Interests

One potential conflict of interest is owning a financial interest in any company that is a competitor of the Company or which does or seeks to do business with the Company. Generally, owning securities of a publicly owned corporation regularly traded on a national securities exchange or NASDAQ would not create a conflict of interest. Relationships, pre-existing at the time of the adoption of this Code, which have been disclosed to the Board are exempt from this Policy.

Additional Restrictions for Certain Company Employees

In addition, the Company's employees (and their immediate family members) (1) holding the office of Vice President or higher, (2) who are members of the executive team and (3) all Merchandising Department employees with the title of director or higher, are also prohibited from engaging in the following activities:

a. Trading in Certain Securities

Affected employees shall not, directly or indirectly, trade in or own shares of stock of any publicly traded vendor companies that sell product to the Company; except that these employees are permitted to participate in trusts or managed accounts where someone other than the employee

makes investment decisions that might include stocks of these companies, and employees can purchase mutual funds which might hold shares in these vendor companies.

b. Restrictions on Certain Business Activities

Affected employees are further prohibited from:

- Conducting business, not on the Company's behalf, with any of the Company's vendors, suppliers, contractors, agencies, or any of their employees, officers or directors.
- Representing the Company in any transaction in which an employee or a family member, has a personal interest or in any transaction with an entity in which an employee or a family member have a substantial personal interest.
- Disclosing or using confidential, special or inside information about the Company or the Company's customers, suppliers, business partners for the profit or advantage of an employee or an employee's family members.
- Competing with the Company in the purchase, sale or ownership of property or services or business investment opportunities.
- Engaging in outside business activities or employment incompatible with the Company's right to the employee's full-time employment and efficient service.

Gifts

Other than common courtesies usually associated with accepted business practices such as (and primarily) meals for business purposes, employees should not accept any of the following, but not limited to: gifts, payments, fees, services, special privileges, vacations, pleasure trips, use of recreational facilities or vacation homes, loans (other than conventional loans from lending institutions), or other favors from any person or business organization that does or seeks to do business with, or is a competitor of, the Company. With respect to tangible gifts, no company employee may accept gifts either individually or cumulatively, having a fair market value of more than \$250 per year, and in no event may any gifts in the form of cash or marketable securities be accepted. The Company recognizes that it is not easy to turn down gifts which may in fact be made out of genuine generosity, so the Company is providing an alternative with respect to a gift that does not comply with this policy: (1) return it with a letter saying why you did so, or (2) give it to the Company, so that the Company may either donate it to a charity or find some other use for it, or (3) submit a one-time exception request to the Human Resources Department for logging and consideration.

Loans

An employee may not lend to or borrow from any customer, supplier, contractor or any person connected with the same. An employee may however, obtain a personal loan from the Company's lenders that are on terms no more favorable than those available to the general public.

Services for Competitors/Vendors

An employee may not perform work or render services for any competitor of the Company or for any organization which does business or seeks to do business with the Company, outside of the

normal course of your employment with the Company, without the approval of the General Counsel (or the Board of Directors, if the employee is an executive officer, senior financial officer or director). An employee cannot serve as a director, officer, or consultant of that organization, or permit the employee's name to be used in a way that would suggest a business connection with that organization, without the General Counsel's approval.

Participation on Boards of Directors

Employees and officers may not serve as a director of any other for-profit company, other than on behalf of the Company, without the approval of the Chief Executive Officer. Executive officers, senior financial officers, or financial directors may not serve in such capacity without prior approval of the Company's Board of Directors.

Use of Undisclosed Information

Employees may have important information not generally known to the public about the Company or other corporations with which the Company is doing business (such as a publicly traded vendor, a service provider, software company, customer, or otherwise). The personal use of any such information for the personal profit or advantage of an employee or anyone else is strictly prohibited by the Company. Furthermore, individuals could be found to be in violation of federal securities laws if they take advantage of such information by (a) trading in the Company's or another corporation's stock, or (b) furnishing information to others in connection with the trading of such stock. Important information includes, but is not limited to, sales and earnings figures, major contracts, plans for stock splits, acquisitions or mergers, real estate transactions, and new projects contemplated by the Company. Employees should not, without proper authority, give or release data or information of a confidential nature concerning the Company or other corporations that the Company does business with to anyone not employed by the Company, or to another employee who has no need for such data or information. Nothing in this Policy prohibits any person from reporting potential violations of law to relevant government authorities.

For further information, see Insider Trading in Securities policy #115 and the Open Door, Anti-Retaliation and Review policy #121.

Improper or Unethical Payments

No employee of the Company shall give, or promise to give, any consideration to another person or entity in connection with the Company's business, if the giving of such consideration is, or appears to be, an improper or unethical compensation or inducement. For the purpose hereof, the term "consideration" means anything of value or advantage, tangible or intangible, including such things as services rendered, or influence exercised, or promised to be exercised, for another's benefit.

It is presumed that the giving of such consideration is improper or unethical compensation or inducement if:

- The consideration is so excessive as to suggest improper purposes. (For instance, an excessively high fee paid to individual arranging contracts with government officials may be, or may appear to be, improper because part of such consideration could be channeled to the government officials involved).

- The service or act rendered to the Company in return for such consideration is contrary to the interests of those whom the recipient of the consideration represents (*i.e.*, the consideration induces, or appears to induce, a breach of duty by the recipient to his/her employer or principal).
- The service or act rendered to the Company is required by law or custom to be performed without charge.
- The actual purpose or use of the consideration is different from its stated purpose or use.

It is in the best interests of the Company to avoid even the appearance of impropriety and further to avoid practices, which might give rise to potential abuse. The Company's concern is not simply whether a particular payment is technically legal, but also whether the making of such payment or any similar payments (even though not illegal or clearly unethical in and of themselves) could eventually create a climate conducive to the development of questionable business practices. In addition, the Company is concerned as to whether the public might view any such payments as improper, unethical, or subject to question if they were disclosed.

Real Estate Speculation, Corporate Opportunities, and Corporate Assets

Employees shall not acquire real estate, which they know the Company is interested in acquiring, nor purchase any nearby property or other property, the value of which may be affected by actions taken by the Company or its subsidiaries.

In general, the use by an employee of the Company or any member of his/her family or any of his/her friends or acquaintances of any business opportunity of which the employee becomes aware through his/her Company relationship, without first obtaining the express written consent of the General Counsel, is strictly prohibited.

Employees should use the Company's property for legitimate business purposes and conduct the Company's business in a way that furthers the Company's interests rather than their personal interest. Employees may not use or take the Company's equipment, supplies, materials or services, except in the normal course of employment, without approval of the supervisor.

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THIS POLICY IS NOT AN EMPLOYMENT CONTRACT. EMPLOYMENT IS AT-WILL.