

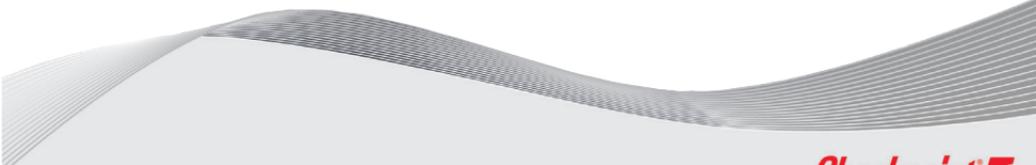


Checkpoint Systems, Inc.

# Global **Ethics** Policy



Your Shrink Management Partner



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Checkpoint Systems, Inc.

# Global Ethics Policy

At Checkpoint Systems, Inc. (“Checkpoint” or “the Company”), our business practices and our conduct are guided by the principles and policies summarized in this document. Checkpoint conducts business worldwide and complies with the highest ethical standards.

This Code is designed to give you a broad and clear understanding of the conduct expected of all our employees everywhere we do business. The Code applies to all directors, officers, and employees of the Company and its subsidiaries, who, unless otherwise specified, will be jointly referred to as “employees.” The following policies apply equally to each subsidiary, partnership, joint venture, or other business association that is effectively controlled by Checkpoint, directly or indirectly. Corporate, European, and AAP managers are responsible for communicating and implementing these policies within their specific areas of supervisory responsibility.

These policies are aimed to protect and enhance the Company’s high level of ethics and conduct. Through these policies, we hope to maintain a strong orientation and high level of care for every employee. These objectives will help the Company attract and hold customers by providing products and services of consistently superior quality and value. Hopefully, these guidelines will help all of us conduct ourselves with a prudent approach to business that will inevitably lead to happy employees and satisfied customers.

What you will see in the pages that follow is a series of conduct and ethical guidelines. These standards not only require that all of our employees comply with all government laws and regulations, but that employees communicate openly with each other to ensure that all our ethical principles are understood and addressed. The Code provides guidelines for a variety of business situations. It does not attempt to anticipate every ethical dilemma you may face.

Checkpoint, therefore, relies on your good judgment. Our business is based on a strong tradition of trust. That is the reason our customers choose to do business with us. Honesty and integrity are cornerstones of ethical behavior. Trustworthiness and dependability are essential to lasting relationships. Our continued success depends on doing what we promise — promptly, competently, and fairly.

Checkpoint will be a model corporate citizen in all locations in which we do business, respectful of community values and customs. The Company expects no less of its employees. You have a right to expect courtesy and consideration from the Company, and to be provided with a safe and healthy environment. Checkpoint can only be successful if we have motivated and dedicated employees who know that their advancement depends entirely upon their ability to maximize their potential, to grow in their jobs, and to accept responsibility.

This Code should help guide your conduct. But the Code cannot address every circumstance and is not meant to; this is not a catalogue of workplace rules. If any employee has questions about this code, he/she should feel free to ask any supervisor, human resources representative, or Compliance Committee member for more information.

### **Your Responsibilities**

- Read and understand the Code of Business Conduct. You must comply with the Code in both letter and spirit. Ignorance of the Code will not excuse you from its requirements.
- Follow the law wherever you are and in all circumstances.
- Do not engage in activities that harm the reputation of the Company.
- Treat all customers and suppliers in a fair and honest manner.
- Do not disclose confidential information, or act on such information for personal gain.

- Report violations and suspected violations of the Code. Reporting information (phone numbers and addresses) can be found in the back pocket of this brochure as well as on our website. This includes situations where a manager or colleague asks you to violate the Code. There will be no reprisals for making reports. Every effort will be made to maintain confidentiality.
- Cooperate with investigations into Code violations and always be truthful and forthcoming in the course of these investigations.
- Ask for guidance when you are uncertain about any situation.

### **Compliance Procedures**

We must all work diligently to ensure compliance by reporting violations of the Code. However, some situations are not clear-cut and require difficult judgment calls. You should keep these steps in mind:

- Gather all the facts. In order to reach the right solution, people involved must be as fully informed as possible.
- Ask yourself: What specifically is someone being asked to do? Does it seem unethical or improper? Focus on the specific question he/she is faced with and the alternatives he/she has. Use judgment and common sense; if something seems unethical or improper, it probably is. If the employee or the Company would be embarrassed by the disclosure of the conduct to a supervisor, the government, or the public, then that course of conduct should not be followed.
- Clarify responsibility and role. In most situations, there is shared responsibility. It may help to get others involved and discuss the problem.
- Discuss the problem with a supervisor. This is the basic guidance for most situations. In many cases, the supervisor will be more knowledgeable about the situation and will appreciate being brought into the decision-making process. Remember that it is the supervisor's responsibility to help solve problems.

- Seek help from Company resources. In the rare case that it may not be appropriate to discuss an issue with a supervisor, or in which you do not feel comfortable approaching your supervisor, discuss it with your Compliance Committee Representative, the Compliance Officer, or the Audit Committee Chairman. If that also is not appropriate, you may make an anonymous report by calling the Company's toll-free hotline. You may also write a letter to either the Compliance Officer or the Audit Committee Chairman. The hotline number and addresses can be found in the back pocket of this brochure.
- Violations may be reported in confidence and without fear of retaliation. If the situation requires that the identity of the employee, officer, or director be kept secret, anonymity will be honored. The Company does not permit retaliation of any kind against employees for good faith reports of violations of laws, regulations, this Code, or other Company policies.
- Always ask first, act later. If any employee is unsure of what to do in any situation, he/she should seek guidance.
- The Compliance Committee comprises nine members (one Compliance Officer, four members from Europe, and four members from AAP). Employees can ask questions or report any problems to the Committee using the hotline. Letters can be mailed to the Compliance Officer or the Audit Committee Chairman.

### **Compliance Process**

- You can report violations of the Code to your supervisor, to your Compliance Committee Representative, to the Compliance Committee Officer, to the Audit Committee Chairman, to the employee hotline, or by mail. Information for reporting can be found in the back pocket of your folder.
- There will be no retaliation. You may feel free to report suspected violations of the Code without fear of reprisal or retaliation. Every effort will be made to secure the identity of the person reporting

the violation. Letters and calls to the hotline may be made anonymously.

- If you have identified yourself, you will be notified within 30 days whether your reported violation is going to be investigated.
- In the event it is determined that evidence of a violation exists, the individual involved will be notified. Notification may not occur until all records have been reviewed and witnesses interviewed.
- The subject of an investigation will have the opportunity to respond to any allegations made.
- At the discretion of the Committee, a person suspected of violating the Code may be suspended with or without pay while the investigation is pending.
- Sole authority for making a final determination and finding of facts rests with the Committee.
- Punishment for violations of the Code will fit the nature and particular facts of a violation, and consideration will be given to the history of those involved. Checkpoint will generally issue warnings or letters of reprimand for minor, first-time offenses. Violations of a more serious nature may result in suspension without pay, demotion, or loss or reduction of bonus. Termination of employment generally is reserved for theft or other violations amounting to breach of trust, and for cases where a person has engaged in multiple violations.
- The alleged violator can file a written request for reconsideration.

## **Financial Reporting and Recording**

Pursuant to Section 406 of the Sarbanes Oxley Act, you must comply with this Code and with all applicable rules and standards of the Securities and Exchange Commission, the Financial Accounting Standards Board, the New York Stock Exchange, and other regulatory bodies.

You are responsible for full, fair, accurate, timely, and understandable disclosure in the periodic reports that the Company

files with the Securities and Exchange Commission and will promptly bring to the attention of the relevant committee any material information of which you may become aware that could affect such disclosure. Violations of laws associated with accounting and financial reporting can result in fines, penalties, and imprisonment, and they can lead to a loss of public faith in a company. You should promptly bring to the attention of the Audit Committee of the Board of Directors any information you may have regarding:

- Significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize, and report financial data;
- Any fraud, whether material or not, that involves management or any other employee who has a significant role in the Company's financial reporting, disclosure, or internal control; or
- Any material violation of (1) any law, rule, or regulation (including the securities laws) applicable to the Company or the operation of its businesses or (2) this Code.

### **Conflicts of Interest**

You should avoid any situation that may involve a conflict between your personal interests and the interests of the Company. In dealings with current or potential customers, suppliers, contractors, or competitors, you should act in the best interest of the Company to the exclusion of personal advantage. You must, therefore, avoid any activity, investment or interest that might be detrimental to the Company or that might deprive the Company of a legitimate benefit. You must not use your position in the Company either to benefit yourself, your relatives or any other person with whom you have a significant personal relationship (a "Significant Other"), or to benefit any business interest you may have or own.

If your duties include contact with a relative or Significant Other, you should take appropriate precautions to avoid a potential conflict of interest such as the appearance of preferential treatment. This

applies whether dealing with a relative or Significant Other who is employed by a current or potential customer, supplier, contractor or competitor, or with a relative or Significant Other who is a current or potential employee or contractor of the Company. When presented with such situations, you should advise your local manager, the human resources department or the Compliance Officer and may need to disqualify yourself from acting on behalf of the Company in such situations.

Please be assured that the Company does not wish to infringe on the personal lives of its employees when there is no conflict between the Company's interests and your legitimate personal interests. However, disclosure of all the relevant facts is essential where there is any risk of an actual or potential conflict of interest. All such disclosures will be treated confidentially to the greatest extent possible while allowing the Company to take such actions as are necessary to prevent even the appearance of impropriety.

You should avoid a financial interest in current or potential customers, suppliers or competitors. This means that neither you nor the members of your household should have any interest or investment in such companies, except for "permissible interests." An investment in a current or potential customer, supplier or competitor is a "permissible interest" if all of the following requirements are met:

- the interest must be in the form of a security or financial interest that is publicly traded on either a stock exchange or over-the-counter (OTC);
- the total value held by you and the members of your household combined should not exceed either (i) Two Percent (2.00%) of the outstanding securities or financial interests issued by the customer, supplier or competitor or (ii) Ten Percent (10.00%) of your net worth; and
- you have disclosed the interest in the annual Conflicts of Interest Questionnaire.

This policy applies only to securities or other financial interests held by you or for your benefit. It does not apply to investments and interests in mutual funds and trusts, or to personal loans from banks and insurance or finance companies, so long as these are issued in the ordinary course of business.

If you believe that a conflict does or may exist, it is your responsibility to disclose the potential conflict to your supervisor, to your Compliance Committee Representative or to the Compliance Officer.

### **Protection and Proper Use of Company Assets**

All employees must protect the Company's assets and ensure their efficient and lawful use. Theft, carelessness, and waste have a direct impact on the Company's profitability. Any suspected incidence of fraud, theft, or improper use of Company assets should be immediately reported to management and investigated.

### **Using Inside Information and Insider Trading**

While employed at Checkpoint, you may become aware of material information about Checkpoint that has not been made public. It is unlawful for any person who has "material" nonpublic information to trade stock or other securities of any U.S. publicly traded company (such as Checkpoint) or to disclose such information to others who may trade. Violation of such laws, by any employee, even if outside the U.S., may result in civil and criminal penalties, including fines and jail sentences.

Material inside information is information not available to the general public that could influence a reasonable investor to buy, sell, or hold stock or securities. Such information may include earnings and dividend actions, acquisitions or other business combinations, divestitures, major new product announcements, significant advances in research, and other significant activities affecting the Company. Here are some examples of how you can avoid the improper use of inside information:

- If you know that the Company is considering an alliance or is about to announce a new product or make a purchasing decision that could affect the price of the stock of a supplier or other company, you should not buy or sell the stock of that company until after the information becomes public.
- Similarly, if you know that the Company is about to make an announcement that could affect the price of its own stock, you should not buy or sell the Company's stock until after the announcement.
- You should not buy or sell the stock of a customer or allied company based on any inside information you have about that company.
- If you have nonpublic information that Checkpoint is about to build a new facility or expand an existing facility, you should not invest in land or in any business near the new site.
- You should not disclose inside information to Checkpoint employees who do not have a "business need to know" or to anyone outside of the Company.

As with investments, you should not evade these guidelines by acting through anyone else or by giving inside information to others for their use, even if they will not financially benefit from it.

If you have any doubts about what may or may not be done in this context, you should contact a representative on the Compliance Committee.

## **Fair Employment Practices and Diversity**

Checkpoint believes that diversity in our staff is critical to our success as a global organization, and we seek to recruit, develop, and retain the most talented people from a diverse candidate pool.

Advancement at Checkpoint is based on talent and performance. We are fully committed to equal employment opportunity and compliance with the letter and spirit of the full range of fair employment practices and nondiscrimination laws.

## **Harassment**

Checkpoint prohibits any kind of discrimination, harassment, or intimidation based on a person's race, gender, color, creed, religion, national origin, citizenship, age, disability, marital status, sexual orientation, ancestry, veteran status, or socioeconomic status. Such behavior is unacceptable and completely inconsistent with our philosophy of providing a respectful, professional, and dignified workplace.

If you believe that you are being subjected to harassing behavior, or if you observe or receive a complaint regarding such behavior, you should report it to your supervisor, your Compliance Representative, the Compliance Officer, Human Resources, or the hotline.

## **Political Activities and Contributions**

You may not make any contribution of Company funds, property, or services to any political party or committee or to any candidate for or holder of any office of any government. This policy does not preclude, where lawful: (a) the operation of a political action committee, (b) Company contributions to support or oppose public referenda or similar ballot issues, or (c) political or other contributions that have been reviewed in advance by members of corporate management charged with responsibility in this area.

No direct or indirect pressure in any form is to be directed toward employees to make any contribution or to participate in the support of a political party or the political candidacy of any individual. If you choose to participate in the political process, you must do so as an individual, not as a representative of the Company.

## **Improper or Unrecorded Payments; Excessive Gifts**

While Checkpoint realizes that the giving and receipt of gifts is often an accepted part of doing business, there is always a danger that such gifts create the impression that either the giver or the recipient has compromised his/her independent judgment in some way. In order to avoid even the appearance of impropriety, therefore, Checkpoint has established these guidelines to help employees navigate this potentially difficult question.

Checkpoint recognizes that the giving and receipt of gifts has greater significance in certain cultures than in others. Accordingly, exceptions to the following guidelines necessary to reflect local custom (a “Local Custom Waiver”) may be made in writing by either the President of the Region, the Senior Vice President of Human Resources or by the Chief Executive Officer, with contemporaneous copies provided to the Legal Department and to the Compliance Officer.

## **Receipt of Gifts**

You must never ask for any gift or favor from any individual or company that does business or seeks to do business with Checkpoint, whether as a supplier, customer or otherwise. This is a blanket prohibition for which there are no exceptions. For example, asking a supplier or customer for tickets to a sporting or cultural event is prohibited.

You may accept gifts that are freely offered by an individual or company that does or seeks to do business with Checkpoint, subject to the following limitations:

- The gift must have a nominal value. In order to avoid any doubt, you may consider any gift with a value of approximately \$50 (in the Americas or Asia) or 50 € (in Europe) as having “nominal value”.
- You must never accept cash, gift certificates or any cash equivalent (such as stored-value cards).
- Entertainment events requiring overnight travel are prohibited without a special exemption from a Company Unit Head or LOB head or above.
- Entertainment at adult establishments should not be accepted unless a Local Custom Waiver has been issued allowing such entertainment. However, no employee shall be required to attend any adult establishment as a condition of his/her employment.
- Any discount on goods or services that a supplier or customer offers you must be on the same terms and conditions as that supplier or customer generally makes available, i.e., it cannot benefit you only.

- You must never borrow money from any individual or company who does or seeks to do business with Checkpoint, except for loans from qualified financial institutions on terms and conditions which are available to members of the general public with a similar credit standing.
- You may not use a supplier or customer's airplane for transportation unless it is an authorized Company business trip, such as travel to a supplier's plant for a quality review or travel to a customer's facility to install Checkpoint products.

If you have any question concerning the application of this policy, you should direct your question to either (i) your supervisor or (ii) your Compliance Committee Representative or (iii) the Compliance Officer. Please remember that questions may be directed to the Compliance Committee on an anonymous basis.

### **Giving of Gifts**

Giving gifts to individuals or companies that do or seek to do business with the Company is an appropriate way to promote enthusiasm and teamwork and may also be helpful to “level the playing field” in certain circumstances.

In order to avoid even the appearance of impropriety, however, Checkpoint has established the following guidelines for the giving of gifts:

- The gift must be part of an overall effort to enhance Checkpoint's image or to promote the sale of the Company's products.
- The gift must be legal in the country in which it is offered.
- The gift must be reasonable in value.
- The gift must be infrequent, i.e., not part of the regular interaction between Checkpoint and the recipient.
- Under no circumstances may a Checkpoint employee give a gift in cash, gift certificates or any cash equivalent (such as stored-value cards).

- Entertainment promoted by Checkpoint shall not be done in adult establishments unless a Local Custom Waiver has been issued allowing such entertainment. However, no employee shall be required to attend any adult establishment as a condition of his/her employment.

You must understand and honor the policies and procedures adopted by our customers and suppliers regarding the receipt of gifts by their employees and agents. If a customer or supplier has established a policy forbidding the receipt of gifts, entertainment or other items of value for its employees - or if the customer or supplier has limited the value of such gifts or the types of gifts that may be received - then Checkpoint employees are expected to know and comply with those policies without exception.

If you have any question concerning the application of this policy, you should direct your question to either (i) your supervisor or (ii) your Compliance Committee Representative or (iii) the Compliance Officer. Please remember that questions may be directed to the Compliance Committee on an anonymous basis.

### **Gifts to Government Officials or Union Representatives**

Gratuities, cash or cash equivalents should never be provided to a government official. This is an absolute prohibition for which there will be no exceptions.

Non-cash gifts and entertainment may be provided to a government official, but only after first getting written approval from an officer with the rank of Senior Vice President or above, provided that the officer has first obtained the approval of the corporate Legal Department. Because of the complexity of the relevant laws and regulations governing these matters, any decision to offer a gift or entertainment (including meals) to a government official must be consistent with advice from the corporate Legal Department as to what is both legal and acceptable.

With few exceptions, it is illegal to offer a gift, entertainment or other gratuity to a union official. You must obtain advice from the corporate Legal Department before providing a gift, entertainment or gratuity to a union official.

If you have any question concerning the application of this policy, you should direct your question to either (i) your supervisor or (ii) the corporate Legal Department or (iii) the Compliance Officer. Please remember that questions may be directed to the Compliance Committee on an anonymous basis.

The consequences of violating the law in these situations can be severe, both for Checkpoint and for the individual. Individuals found to have violated the law will be dismissed immediately “for cause”.

### **Antitrust**

The Company is subject to antitrust and competition laws in most countries where it does business, and the investigation and enforcement of antitrust laws is commonly the result of international cooperation among enforcement authorities. In general, most antitrust laws in effect where Checkpoint does business prohibit agreements or actions that may restrain trade or reduce competition. Violations include agreements among competitors to fix or control prices; to boycott specified suppliers or customers; to allocate products, territories, or markets; or to limit the production or sale of products.

Special care must be exercised to ensure that any activities undertaken with representatives of other companies are not viewed and would not be construed as violations of any antitrust law. If you have any questions about antitrust law, please contact your Compliance Committee Representative.

### **International Trade**

There are several areas in which acts carried out in one part of the world may result in prosecution under the laws of another country. The most important of these are:

#### **Antiboycott**

The U.S. antiboycott laws generally prohibit U.S. companies and their subsidiaries from cooperating with international boycotts that the U.S.

government does not sanction. A boycott occurs when a person or group of people refuses to do business with certain other people or countries. U.S. companies and their worldwide subsidiaries must report to the U.S. government any requests they receive to engage in boycotting activity.

### **Export Control Laws**

The Company must comply with all applicable national and multinational export control laws. For example, U.S. export control laws apply to the export and re-export of U.S. goods and technology. Under certain circumstances, these laws prohibit subsidiaries of U.S. companies, including those located outside the United States, from dealing directly or indirectly with particular countries with respect to certain transactions.

### **Bribes**

U.S. law prohibits payments by or on behalf of American companies (and their subsidiaries) outside the United States to foreign government officials to secure or retain businesses. In addition, Checkpoint policy goes beyond the law and prohibits such noncustomary payments to any individual (government or nongovernment official) to secure or retain business.

### **Customs Laws**

Customs laws, which apply to intracompany as well as third-party transactions, require Checkpoint to determine the correct classification, value, and country of origin of all its imports. As an importer, we must be able to demonstrate by a documented, auditable trail that Checkpoint exercised reasonable care in ensuring that its imports comply with all applicable laws. This requires, at a minimum, the reporting of complete, accurate, and detailed information regarding any imported product; its place (or places) of manufacture; and its full cost. While specific rules may vary, virtually all countries in which we do business share these requirements. Violations are punishable by civil and criminal penalties.

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

The Company strives to provide you with a safe and healthy work environment. You are responsible for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices, and reporting accidents; injuries; and unsafe equipment, practices, or conditions. Employees are expected to be fit for duty and capable of performing their responsibilities in a safe and productive manner free from substance abuse. Substance abuse in the workplace will not be tolerated.

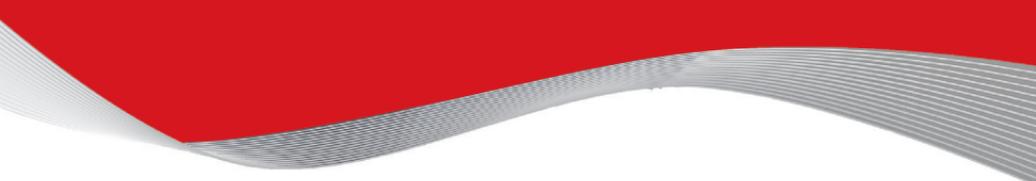
To maintain the Company's valuable reputation, compliance with Checkpoint's quality processes and safety requirements is essential. The Company's products and services will be designed, manufactured, and handled to meet its obligations to customers and to appropriately manage risks to human health and the environment.

Our goal is to prevent incidents such as permit violations, environmental spills and releases, fires, explosions, injuries, illnesses, and other accidents. The Company will inform appropriate officials, employees, contractors, customers, and the public about significant health, safety, or environmental hazards related to its facilities in a timely manner, and will comply with all environmental laws, rules, and permits that apply to its operations. You should consult your Compliance Committee Representative with any questions you may have.

## **Misrepresentation and Fraud**

You must not engage in any scheme to defraud a customer, supplier, or other person with whom the Company does business out of money, property, or services, or wrongfully withhold or convert the property of others. You must: (1) always make truthful statements about the Company's products and services, (2) never willfully conceal material facts from anyone with whom the Company does business, and (3) never knowingly make commitments the Company cannot fulfill.

In particular, you must not knowingly or willfully make or cause to be made false statements, orally or in writing, to government officials. Similarly, you must not knowingly or willfully conceal or cause to be concealed material facts called for in a government report, application, or other filing. These prohibitions extend to all communications with any federal, state, local, or foreign government agency. Both this policy and the law could be violated even if you do not personally make the false statements or conceal the material fact. For example, you are prohibited from providing false information to any other employee or third party knowing that, or if under the circumstances it is likely that, the information will later be provided to the government.



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**Checkpoint**

Your Shrink Management Partner

