



# Federal Signal Corporation

## Standard Policies and Practices

SPP No.  
1.0.2

### COMPANY POLICY FOR BUSINESS CONDUCT

#### I. PURPOSE

- A. To state Company policy for business conduct which shall be applicable to all employees and directors of Federal Signal Corporation, business associates spouses, significant others, and close family members of all officers and employees.
- B. To establish the practice that officers, directors and designated employees of the company will be required, annually or otherwise, to answer and sign a questionnaire disavowing any exceptions to the company's policy for business conduct (both current and potential future exceptions).

#### II. SCOPE

This standard applies to the Company and its domestic and foreign subsidiaries (sometimes referred to as "business units").

#### III. COMPANY POLICY FOR BUSINESS CONDUCT

##### A. Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which this company's ethical standards are built. All employees and directors must respect and obey the laws of the cities, states and countries in which we operate. Although not all employees and directors are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

The Company holds information and training sessions to promote compliance with laws, rules and regulations.

##### B. Conflict of Interest

Company employees and directors are expressly prohibited from participating in any outside business venture - for financial gain or otherwise that conceivably could conflict with the company's on-going or proposed business activities. Conflicts can result from dealings with direct and indirect customers, suppliers, and other individuals and organizations with which the Company conducts business or negotiates agreements and contracts.

1. You cannot work part-time for a customer or supplier or engage in outside profit-making activities in any area of business in which the company operates;
2. You cannot represent any outside commercial interest during normal business hours or while traveling on Company business;

3. You cannot lend money to or borrow money from individuals affiliated with organizations with whom the Company conducts business;
4. You cannot own any part of any customer's or supplier's business unless that ownership is in the form of stock listed on one of the stock exchanges;
5. You cannot engage in Company business with any firm in which a close relative has an executive position or a significant financial interest unless such transactions are approved in advance by an Executive Council member and are reported in the conflict of interest questionnaires.
6. Business opportunities discovered through use of company property, information or position cannot be diverted to improper personal gain or benefit.

C. Bribes, Kickbacks, and Other Improper Payments (See S.P.P. 1.0.3)

Bribes, kickbacks, and illegal payments to or from any individual with whom we do or hope to do business - in any form and for any purpose - are absolutely forbidden, under all circumstances. The Company (but not an individual employee) legally can provide rebates to customer organizations (but not to individual employees), based on well-established business practices (such as volume discounts). It can receive rebates from supplier organizations if made to provide funds for advertising and promotional efforts or to correct commercial inequities, and if such payments adhere to government trade regulations.

D. Confidential and Inside Information (See S.P.P. 6.1.6)

"Inside" information is any confidential data or information about the Company that is not generally available to the public. Examples include advance knowledge of financial performance or forecasts, contract negotiations, possible acquisitions or divestitures, or new product or marketing or manufacturing developments. Use of inside information for financial gain by company directors, officers, or other employees is illegal. Moreover, disclosure of inside information to outsiders is considered unethical and potentially damaging to the Company; it is illegal if it results in any stock transactions or theft of trade secrets and applies even after employment ends.

E. Personal Use of Company Property

Company property may be used for personal reasons only if such use does not incur additional costs to the Company and does not interfere with the normal conduct of business. If added costs result, they must be reimbursed to the Company.

F. Accounting Practices

"Off-book" accounting or similar practices are strictly prohibited. All assets, liabilities, receipts and disbursements should be promptly and accurately entered on the regular books and records of the Company; the supporting documentation should reflect the actual amounts paid or received. Entries should be so clear as to be self-explanatory to management and to the outside auditors. No false or fictitious entries are permitted. No fund or account can be established to facilitate illegal or improper payments. Circumvention of established internal controls is prohibited without the prior written approval of the Corporate Controller.

All significant risks to the Company and its business must be disclosed to the Company officers such as risk of major litigation or loss of a critical supplier or customer, production failures or contractual commitments not reflected in the

financial statements so that the Company can determine if such matters must be disclosed in the company Securities and Exchange Commission filings.

#### G. Expense Account Vouchers

The only proper and authorized use for expense account vouchers is for the reimbursement of legitimate business expenses. Except for very small sums (under \$25), all expenses must be supported by receipts and other documentation. Generally, where expenses are shared, for example, meals, taxi's, etc, the senior employee in the group should pay and claim reimbursement.

#### H. Trade Relations

Employees are prohibited from discussing with competitors the terms, prices and services specified in any Company bid proposal or existing contract, even if such information is disclosed by a client or prospective client. Every employee should respect the rights and deal fairly with the Company's customers, suppliers, competitors and employees.

#### I. Providing Entertainment (see S.P.P. 1.0.3 and 1.1.7)

Business related entertainment in a non-business environment (restaurant, hotel, etc.) can be useful, desirable and a perfectly ethical practice if it is not excessive. You may provide entertainment at company expense, therefore, if it is authorized in advance, job-related, not overly lavish, and will not place the recipient in a potentially awkward situation with his/her employer or the public. Entertainment of government officials and employees is an area of very great sensitivity and in some instances may be illegal. No entertainment of government officials or employees should be done without prior approval of an Executive Council member.

#### J. Accepting Gifts and Entertainment

Federal Signal recognizes that exchanging business courtesies such as meals, entertainment, routine promotional gifts and other items can be part of building strong business relationships. Employees of Federal Signal may accept meals, refreshments or entertainment of nominal value in connection with business discussions. While it is difficult to define "nominal" in terms of a specific dollar limitation, a common sense determination should dictate that "nominal" excludes anything that could be considered lavish, extravagant or frequent. In the United States, you should limit any entertainment by any single vendor to no more than one per calendar year. Working lunches are excluded from this restriction.

Not permitted is the use of customer or supplier-owned homes, boats, or comparable facilities for holiday or other leisure time use. Illicit activities are not permitted under any circumstances. Customer or supplier provided air travel or overnight lodging is generally discouraged. If the sponsored event is deemed business essential, the Federal Signal employee should attempt to pay the travel/lodging expense directly, and it will be reimbursed by the Company. If this is not practical, advance approval should be obtained from an Executive Committee member.

It is the personal responsibility of each employee to ensure that the acceptance of such meals, entertainment or gifts is proper and could not reasonably be construed as an attempt by the offering party to secure favorable treatment. Gifts should never be solicited. Accepting anything more than a nominal gift – no matter how well-intentioned the donor, and no matter whether in a business or personal setting – could conceivably be construed as an attempt to "compromise" your judgment in future business decisions or to "reward" past ones. If you are in doubt as to whether

or not a gift is inappropriate, check with the Corporate Compliance Officer before accepting. It is each employees responsibility to communicate the Company's policy on business-related gift giving to all vendors and potential vendors.

No employee is permitted to accept gifts with a value exceeding \$75.00 (annual limit, per supplier or customer, not per gift) from individuals, firms or representatives of firms who have or seek business relationships with Federal Signal. Non-alcoholic consumables are excluded from this \$75.00 limit and should be shared widely with employees and, when practical, consumed in the workplace. In the rare event you find yourself in a situation in which refusing or returning a costly gift would create an extremely awkward and/or harmful situation, these items should be donated to a local charity and reported to your supervisor. Be sure that suitable records are established to document the gift and its disposition.

#### K. Receiving Prizes

The guidelines for receiving gifts are generally applicable to prizes above a nominal value awarded by customers or suppliers. Consider keeping a somewhat costly gift, only if you win it as a prize in an open and strictly competitive contest, for example, a golf tournament. Also, you may accept and keep prizes awarded at conventions of trade associations of which you or the Company is a member.

#### L. Giving Gifts

Gifts and payments to union officials are expressly prohibited. Check the potential recipient's company policy before giving any gift other than those with a nominal value.

#### M. Political Contributions

The use of corporate funds or other assets (cars, office supplies, etc.) for contributions to federal political candidates and campaigns is absolutely forbidden. It makes no difference how much money is involved, or whether the contribution is made through direct or indirect channels (customers, suppliers, consultants, etc.).

Corporate funds may be used for contributions to state political candidates and campaigns, but only in limited circumstances and must be approved in writing by the Chief Executive Officer prior to payment. The funds must be specifically designated for in-state use and may not be commingled with a state campaign fund for a federal political candidate.

The Company does not wish to discourage employees from seeking political office or from supporting political candidates and causes of their choice, so long as such activities are conducted on the employee's own time. Nor does the Company wish to discourage employees from making political contributions from their own personal funds, if they choose to do so.

#### N. Theft, Misappropriation or Destruction of Company Property

All such activity is prohibited including theft of confidential information.

#### O. Industry Standard Committees (See S.P.P. 1.1.12)

Employees may volunteer or be asked to participate in committees that develop or modify industry standards. Participation in such activities exposes the Company to anti-trust actions. Participants are required to read and abide by the Company's policies with respect to such activities.

#### P. Discrimination and Harassment

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on age, race, religion, sex, ethnic or other characteristics as well as unwelcome sexual misconduct.

#### Health and Safety

The Company strives to provide each employee with a safe and healthful work environment. Each employee has responsibility 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.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

#### Q. Records/Communications (See S.P.P. 1.0.7)

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation you must consult the Company's legal department.

#### R. Other

We wholeheartedly encourage you to ask your supervisor if any of the policies for business conduct are not clear to you. Also, you must bring to the attention of your immediate supervisor or senior business unit or group management any other concerns or questions you have with respect to appropriate business conduct, or any knowledge you may have of a violation of this policy. If appropriate action is not taken, it is necessary that you bring the matter to the attention of senior corporate management.

### IV. CERTIFICATION PROCEDURE

- A. This policy statement shall be brought to the attention of all employees.
- B. Employees required to complete, sign and forward the questionnaire to the Group President are as follows:

All officers and directors	Annually
All buyers and purchasing agents	Annually
All salespeople	Annually
All key accounting personnel (such as, managers, supervisors)	Annually
All salaried exempt employees	Every 3rd year
Newly hired salaried exempt employees	Employment start date

Corporate employees will complete and forward the questionnaire to the Corporate Controller in accordance with the same schedule above.

The Group President or Corporate Controller may include other employees due to their responsibilities or special circumstances.

- C. All employees required to sign the statement must also be furnished a copy of this policy or have access to a prominently displayed copy.
- D. The Corporate Controller will establish procedures to administer the circularization process.

## **V. RESPONSIBILITY**

- A. The Chief Executive Officer will establish a committee to implement the rules governing the conduct of employees as it relates to this policy. The committee will consist of the Chief Executive Officer, Chief Financial Officer and the General Counsel. Exceptions to company business policy statements should be forwarded to the Corporate Controller who will maintain an exception file and report on any exceptions to the committee. The Controller will also report exceptions indicated by Corporate and Group officers to the audit committee of the board of directors at its next meeting following the report of the exception.
- B. It is the responsibility of each officer and employee, designated in IV. B. above, to read the company policy for business conduct, and to complete the questionnaire and covering letter (Exhibit A) and forward them promptly to their Group President. Directors are required to annually sign Exhibit B and forward them to the Corporate General Counsel.
- C. The Group Presidents will be responsible to secure completed questionnaires from required employees by July 15 of each year. Interim new employees and promoted employees will complete and forward the questionnaire on a current basis to the Group Presidents. A listing which states the names of employees circularized and a listing which states the names of employees that responded with one or more "yes" answers and the questionnaires with "yes" answers will be transmitted to the Corporate Controller by July 31. Any appropriate comments will be included in the letter of transmittal accompanying the statement(s). The Group President will take steps to ensure that all questions were answered by employees circularized and to review exceptions reported with appropriate supervisors.

## **VI. WAIVERS**

### **A. Employee Waivers**

It is the responsibility of each employee to obtain prior approval from the committee of any relationship, interest or conduct that may be prohibited by this policy. The chief executive officer of the company has the authority and responsibility to determine the applicability of this policy to the situation of each employee. His decisions as to the corrective measures and disciplinary action (including turning the matter over to the proper law enforcement authorities) in the enforcement of this policy shall be final and conclusive subject only to the authority of the Board of Directors.

### **B. Executive Officer and Director Waivers**

Any waiver of this Code for executive officers or directors may only be made by the Board of Directors or its committees and will be promptly disclosed as required by law or stock exchange regulations.

## **VII. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR**

In addition to the Certification Procedure above, all employees are required to report to supervisors, managers or other appropriate personnel, including Company officers, any observed illegal or unethical behavior and to seek advice when in doubt about a particular situation. You may make a confidential and/or anonymous report by calling or writing the VP General Counsel at (630) 954-2000 or Federal Signal Corporation, Suite 1100, 1415 West 22<sup>nd</sup> St., Oak Brook, IL 60523. Please mark all envelopes as "confidential".

Alternatively, you may contact the Compliance Hotline in the following ways:

By phone:

1-866-776-7015 (US)  
10-800-711-0631 (China)  
0800-980-082 (South Africa)  
08001-1-6575 (Finland)  
0800-022-5890 (Netherlands)  
900-97-1031 (Spain)  
020-79-0631 (Sweden)  
0800-56-1525 (Switzerland)  
0808-234-7051 (UK)

Via internet:

<https://www.federsignalreports.com> (all except European Union)  
<http://www.federsignaleureports.com> (for the European Union).

In appropriate cases some reports may be referred to outside support for responses or for further processing. See S.P.P. 1.0.4 regarding employee complaint procedures for accounting and auditing matters.

**THE COMPANY PROHIBITS RETALIATION FOR REPORTS BY EMPLOYEES MADE IN GOOD FAITH OF MISCONDUCT OR VIOLATIONS OF THIS CODE BY OTHERS.**



FEDERAL SIGNAL CORPORATION

TO: FEDERAL SIGNAL CORPORATION EMPLOYEES  
SUBJECT: COMPANY POLICY FOR BUSINESS CONDUCT AND IMPROPER PAYMENTS

The personal integrity, openness and candor that each of us brings to our job is the best guarantee of maintaining a high standard of ethical business conduct. We have standard policies and practices: S.P.P. 1.0.2 Company Policy for Business Conduct and S.P.P. 1.0.3 Improper Payments for all employees' guidance. They focus on some of the most critical and commonly met situations that call for a special awareness as to what is right and wrong. Careless and ethically imprudent action by a single employee can jeopardize the moral reputation of the entire company.

On the reverse and attached is a questionnaire and letter which you are required to answer and return to your immediate supervisor, who is required to add his or her own certification. Please make sure that you thoroughly understand the questions asked and that your answers are accurate. If you do not understand the questionnaire, the letter or the Company's policies because your native language is other than English, and you would like to have any of these documents translated into your native language, please advise your Group President and appropriate arrangements will be made. Any questions you may have with respect to your report or the policies involved should be directed to the General Counsel of the Company.

If this is your first letter from the Company on this subject, you will find attached a copy of each of these policies. If you have been provided a copy of these policies in the past please re-read them. These policies may be found at <http://fsnow/governance/default.aspx>.

Remember that the Company prohibits retaliation for reports by employees made in good faith of misconduct or violations by others.

Thank you for your continued understanding and cooperation.

Dennis J. Martin  
Chief Executive Officer

Attachment

Federal Signal Corporation  
Business Conduct Questionnaire

I. FOREWORD

The questions set forth in the attached questionnaire are designed to assist the company in determining the nature and extent of any outside interest you may have which might possibly involve a conflict of interest with the affairs of the company and any other exceptions to the company's policy for business conduct. Please read each question carefully, and after doing so state your answer "yes", or "no". **If the answer to any question in this questionnaire is "yes", give a full, signed explanation on a sheet or sheets of paper and attach hereto.**

II. DEFINITIONS

- A. COMPANY: Federal Signal Corporation or any of its subsidiaries.
- B. SUPPLIER: Any vendor, purchaser or subcontractor who is a corporation, partnership, sole proprietorship, person or other organization which now furnishes or has furnished within the past year any materials, machinery and equipment, supplies, or other tangible real or personal property, or any services or intangible property of any kind to the company.
- C. CUSTOMER: Any corporation, partnership, sole proprietorship, person or other organization which now purchases, or has in the past year purchased from the company any products, services, materials, scrap, or other tangible or intangible personal property.
- D. COMPETITOR: Any corporation, partnership, sole proprietorship, person or other organization that manufactures and/or sells any services, product or products substantially identical to those manufactured and/or sold or serviced by the company.

III. EXCLUSIONS PERTAINING TO THIS QUESTIONNAIRE

- A. Investments and securities that are listed on a stock exchange or are publicly traded in a recognized over-the-counter market.
- B. Any interests or investments in not-for-profit organizations that are recognized by the Federal Internal Revenue Service as being exempt from federal income taxes.

IV. QUESTIONNAIRE

(The questionnaire is attached.)

**Exhibit A**

Federal Signal Corporation

Corporate Office  
(Business unit)

Attention: \_\_\_\_\_,

This acknowledges that I have received and read and understand Federal Signal Corporation's policy statements titled "Company Policy for Business Conduct" and "Improper Payments".

It is fully understood by me that the information contained in this letter and set forth in the questionnaire is designed to assist the company in determining the nature and extent of any outside interest I may have which might possibly involve a conflict of interest with the affairs of the company and any other exceptions to the company's policy for business conduct.

I am aware of no situations that conflict with the policy other than those stated in my responses to the questionnaire on the reverse side of this letter. I will advise you of any situations that may arise in the future, and will obtain prior approval before engaging in any matters which may conflict with the policy.

This also acknowledges that I do not engage in any outside activities that could conflict with the performance of my company duties on a full-time basis.

_____	_____
Name of employee (print)	Signature
_____	_____
Title	Corporate Office
_____	
Date	

**CERTIFICATION OF IMMEDIATE SUPERVISOR**

"I have reviewed the responses provided above and in the questionnaire referred to above and have no present knowledge of any misstatement or omission contained therein."

Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Federal Signal Corporation  
Business Conduct Questionnaire

**(Circle response for ALL questions below. Attach signed explanation of all “Yes” answers.)**

- A. Are you now, or have you been in the past twelve months, personally or as a trustee, either a stockholder, director, officer, creditor, debtor, partner or proprietor of or in any such SUPPLIER, CUSTOMER or COMPETITOR, or do you have or have you had any other direct or indirect financial interest in any such SUPPLIER, CUSTOMER or COMPETITOR? Yes No
- B. Have you now, or have you had in the past twelve months, as a beneficiary of a trust, any direct or indirect financial interest in any SUPPLIER, CUSTOMER or COMPETITOR? Yes No
- C. To your knowledge, would any of the answers called for in questions A or B be in the affirmative if applied to your spouse, any child of yourself, or any other person related to you or your spouse by blood, marriage or adoption? Yes No
- D. During the past twelve months, have you or your spouse, or any child of yourself, or any other person related to you or your spouse by blood, marriage or adoption, to your knowledge, received from any SUPPLIER, CUSTOMER or COMPETITOR of the COMPANY any commissions, fees, compensation of any kind, loans, advances, gifts of money, free services, or any other gifts or benefits? (Note: “Other gifts or benefits” having an aggregate value of less than \$75 given to you in any one year by a single SUPPLIER or CUSTOMER need not be included in your answer.) Yes No
- E. Do you have knowledge of any so called “improper payments” made directly or indirectly by or on behalf of the company during the last twelve months? S.P.P. No. 1.0.3 defines improper payments as:
- Not recorded in a fair manner on the books of the Company with the effect of disguising the true nature of the payments;
  - To or for the benefit of any government or its employees, officials or agents with the purpose of obtaining special benefit for the Company;
  - To any agent, representative, consultant or distributor with the understanding that all or a portion of such payments was to be used by the recipient to or for the benefit of any government or its employees, officials or agents with the purpose of obtaining special benefit for the Company;
  - To any person who is an official of any government or its instrumentality for the purpose of inducing such official to fail to perform the official's governmental functions;
  - To any person holding office, political candidate, ballot issue, committee for a candidate or any other political committee, political party, or any person on their behalf. Note, there is an exception to this rule for state political candidates, see S.P.P. 1.0.2 section IIIM.
  - Of any fees or commissions paid to consultants or agents which substantially exceed a reasonable rate for such services;

- For entertainment expenses which have benefited, directly or indirectly, government officials or government employees. See S.P.P. 1.0.2 Section IIIM relating to political payments.

Yes No

F. If you participated in a voluntary industry standard committee, did you fail to abide by the company's policy regarding involvement with such committees? (See S.P.P. No. 1.1.12.) Note – if you did not participate in such a committee, circle "no".

Yes No

G. Are you aware of any "off-book" or other accounting irregularities or failure to disclose to company officers any significant risk that could adversely affect the company or its business?

Yes No

H. Are you aware of any other conflicts to or violations of the business conduct policy established by the company or are you in violation of any provision of the policy?

Yes No

I. Has the Company failed to make you aware of the available communication channels to report suspected violations of the Business Conduct Policy, including the Compliance Hotline?

Yes No