



Worldwide Code of Ethics

As approved by the Executive Committee on May 13, 2014

CODE OF ETHICS

TABLE OF CONTENTS

About the Code	1
Compliance With Laws	2
Fair Dealing	2
Equal Opportunity/Non-Discrimination	2
Wage/Hour Compliance	4
Integrity of Books and Records	5
- Financial Records/Accounting Practices	5
- Maintenance and Preservation of Business Records	5-6
Avoiding Conflicts of Interest	6
- Gifts, Loans, Prizes & Entertainment	6-7
- Outside Employment	7
- Corporate Opportunities	7
- Business Relationships With Competitors or Business Partners	7
- Doing Business With Spouses, Relatives, or Friends	7-8
- Independent Contractor and Consulting Relationships	8
- Fraternalization & Dating	8
- Personal Relationships With Business Partners	8-9
- Non-business Activities	9
Payment Practices	9
- Payments to Government Personnel	9
- Bribery, Kickbacks, and Fraud	9
- Consultants, Agents and Foreign Representatives	9-10
- Political Contributions	10
Obligations to Customers, Competitors and Business Partners	10
- Competition, Anti-Trust & Fair Trade	10
- Confidential Information of Third Parties	10-11
Environment, Health and Safety	11
- Workplace Health & Safety	11
- Drug and Alcohol Abuse/Drug Testing	11-12
- Alcohol Consumption at Company Functions	12
- Workplace Violence Prevention	13
- Product Quality and Safety	13
Use and Protection of Company Assets	13
- Fraud	13
- Receipt and/or Removal of Company Property	114
- No Professional References	14
Use of Computers and Mobile Devices	14
- No Expectation of Privacy	15
- Appropriate Use Required	15-16
- Personal Computers or Personal Mobile Devices	16

CODE OF ETHICS

- E-Mail and Instant Messaging	16-17
- Social Networking & Social Media	17-18
- Company-Provided Mobile Devices/Bring Your Own Device	18
Network Security	18
- Software	19
Safeguarding Confidential Information & Intellectual Property	19
- Confidential Information	19-20
- Intellectual Property Rights	20
- Customer and Associate Data Privacy	20
Non-Solicitation/Non-Distribution	21
-Prohibited and Permitted Activities	21-22
-Conduct of Approved Campaigns	22
-Publicity	22
Import and Export Controls	22-23
Communications With the Public	24
Government Proceedings and Requests for Information	24
Reporting Policy Violations	24-25
Company Response & Disciplinary Action	25
No Retaliation	25
International AlertLine Contact Information	25-26

AlertLine Hotline

For callers from the U.S., Canada and Puerto Rico, call [1-800-255-2465](tel:1-800-255-2465) (toll-free) and you will have an English, Spanish, or French language option. For all other countries, refer to the list of international toll-free numbers included on the last page of this Code of Ethics.

The AlertLine is staffed by a live operator from an independent company, 24 hours a day, 7 days a week. Calls are free, confidential and may be made anonymously. Operators are equipped to take these calls in all primary languages of the countries in which we operate or do business.

It is required that you report all violations or suspected violations of this Code of Ethics, including concerns regarding accounting, internal accounting controls, or auditing matters. If you suspect a violation, talk to your supervisor, department head, or the Human Resources or Law departments. If you are not comfortable doing so, e-mail Payless ShoeSource's Ethics Office at AlertLine@payless.com or call the AlertLine. A non-retaliation policy is in place to protect individuals who in good faith report suspected violations.

CODE OF ETHICS

ABOUT THE CODE

Payless Inc., and its parent, subsidiaries, affiliates and related companies worldwide (collectively, “Payless” or “the Company”), are committed to conducting business according to the highest ethical and legal standards. All associates, officers, and the Board of Directors (collectively “Associates”) must use sound business judgment and adhere to the highest standards of integrity and propriety while performing their jobs.

This Code of Ethics (the “Code”) applies to all Associates of Payless, is part of our ethics and compliance program, and is the framework for the high standards we envision. It provides general information about the standards that guide our work and guidance on how we should relate to Customers, vendors, competitors, and each other. It does not include all company policies or the rules and regulations that apply to every situation and should be viewed as part of the policies, procedures, and requirements of the law that guide you in your daily work. The Code is not a contract of employment and does not create any express or implied contractual rights of employment between you and Payless. Employment with Payless is on an “at will” basis, where permitted by law, or unless we have entered into an employment agreement with you, meaning that you can terminate your employment at any time, for any reason, just as we may terminate your employment at any time, with or without notice, with or without cause or reason. Only the Senior Vice President-Human Resources may make another agreement with you concerning the at-will status of employment, which must be in writing and signed by both parties.

Every Associate is expected to adhere to the standards set forth in the Code. A violation of the Code impacts our competitive position, and may expose Payless and you to civil and criminal penalties. Ignorance is not an acceptable excuse for improper behavior. Questions about a standard contained in this Code, or a situation presenting an ethical issue not addressed in this Code, should be directed to your supervisor, department head, local Human Resources department, or the Law department. You may also confidentially and anonymously report concerns by contacting the AlertLine via e-mail or through the list of toll free numbers on the last page of this Code. There will be no retaliation for asking questions or reporting concerns. If you see something, say something.

Payless expects its vendors, agents, suppliers, factories, licensees, franchisees, joint venture partners, and consultants (collectively, “Business Partners”) to act ethically and in a manner consistent with the Code. If you engage a Business Partner, they should be provided a copy of the Code, and are responsible for reviewing its contents and abiding by it. You must also use reasonable efforts to monitor their work to ensure they act in a manner consistent with the standards contained in the Code. We expect all Associates to have a professional relationship with all of our Business Partners. It is inappropriate to date or be involved in any kind of romantic relationship with a current or prospective Business Partner. Close personal relationships should also be avoided. The consumption of alcohol in excessive amounts, whether or not on Company time, in the presence of a Business Partner is also inappropriate and may impair sound judgment and/or reflect negatively on Payless.

If you suspect a Business Partner is acting in a manner inconsistent with the Code, contact your supervisor, department head, your local Human Resource department, the Law department, or the AlertLine.

CODE OF ETHICS

The Code is always available to all Associates on Payless intranet. Certain management Associates also acknowledge their understanding and agreement to comply with the Code upon being hired and on a regular basis thereafter. Additional education and training materials are also available on the Payless intranet.

COMPLIANCE WITH LAWS

We expect all Associates and Business Partners to abide by all applicable laws, rules and regulations of each country where we are located or do business. This is the most fundamental policy underlying our commitment to integrity and ethical conduct.

The laws of the United States frequently extend to our operations throughout the world. Other countries may also apply their own laws outside of their borders. In some instances, there may be a conflict between applicable laws of two or more jurisdictions. In keeping with our commitment to meet the highest standards of business conduct wherever we do business, Associates must comply with all aspects of the Code unless prohibited by local law. If you believe there is a conflict, or if in some countries certain laws are not enforced in practice, compliance is nonetheless required. Conversely, there may be laws in certain countries which do not apply outside those countries, and therefore, are not specifically addressed in the Code. Such laws would be addressed in Company documents such as Associate Handbooks, Policy Manuals, Work Rules, Operations Manuals, etc. Payless also publishes several “global policies” designed to give Associates a set of rules that are the same for all locations. The Code is an example of a global policy. If you are requested or required to take an action (or prohibited from taking action) you believe is in violation of a law, or if you believe there is a conflict between the laws of two or more jurisdictions, consult the Law department or contact the AlertLine.

The number of laws and regulations around the world affecting Payless increase and become more complex each year. When possible, and to the extent generally applicable, the Code will be modified to conform to changes in laws and best practices. Questions regarding applicable laws, rules, and regulations affecting your business activities should be directed to the Law department.

FAIR DEALING

Payless expects its Associates and Business Partners to conduct business with integrity and should endeavor to deal fairly and honestly with each other. Do not take unfair advantage of others, including competitors, through manipulation, concealment, fraud, abuse of privileged information, misrepresentation of facts, or any other unfair dealing practice.

EQUAL OPPORTUNITY/NON-DISCRIMINATION

The Company provides equal employment opportunities to all applicants and Associates without regard to race, religion, color, creed, national origin, ancestry, ethnicity, age, gender, pregnancy, childbirth, breastfeeding and medical condition related to pregnancy, childbirth or breastfeeding, familial status, sexual orientation, gender identity or expression, disability, marital status, citizenship, military and veteran’s status, unemployment status, and any other basis protected by applicable law. Reasonable

CODE OF ETHICS

accommodations, including modifying policies and procedures for individuals with disabilities, will also be made if we can do so without undue hardship. This policy applies to all aspects of employment, including recruiting, hiring, training, transfers, promotions, and compensation. We will not tolerate a violation of this policy.

Payless is also committed to providing a work environment free of discrimination and harassment based on race, religion, color, creed, national origin, ancestry, ethnicity, age, gender, pregnancy, childbirth, breastfeeding, and medical condition related to pregnancy, childbirth or breastfeeding, familial status, sexual orientation, gender identity or expression, disability, marital status, citizenship, military and veteran's status, unemployment status, and any other basis protected by applicable law, in the workplace or any functions related to the workplace. Discrimination and harassment, whether caused by an Associate, Customer, or Business Partner, is unacceptable and will not be tolerated.

One form of harassment is sexual harassment. It is defined as unwelcome or unwanted sexual advances, requests for sexual favors, and any other verbal, visual, or physical conduct of a sexual nature in which submission or rejection of the conduct leads to tangible employment action. Unacceptable harassment also includes unwelcome behavior or actions (e.g., epithets, jokes, comments, gestures, circulating graphic material, or other verbal or physical conduct) directed to a person or group based on their protected class status that unreasonably interferes with work performance or creates a hostile work environment.

“Bullying” is another form of harassment and includes any inappropriate conduct or comments, whether verbal or through electronic means (i.e., computer, mobile device, or social media), by one Associate towards another Associate that the Associate knew or reasonably should have known would cause the other Associate to be humiliated or intimidated. It includes but is not limited to repeated or severe verbal aggression, physical intimidation, yelling, humiliating initiation practices or hazing, spreading malicious rumors, or calling someone derogatory names, regardless of whether tied to a basis protected by applicable law. It also includes single or group activity both inside the workplace and, potentially, outside the workplace. It does not, however, include reasonable action taken by a supervisor related to management or direction of Associates (e.g., managing performance, assigning work, or reasonable disciplinary action), expressing differences of opinion, or offering constructive feedback or guidance about work-related behavior.

All Associates are responsible for creating and maintaining a work environment free from discrimination or harassment. Even if you believe the situation will resolve itself, or do not want to report it, Payless has a legal obligation to investigate. If you experience, witness, or learn of discrimination or harassment in the workplace, here are the steps to take:

- *Store Associates* – report it to your Store Leader, Group Leader, District Leader, or the AlertLine.
- *Corporate, CLI, Distribution Centers, or International Associates* – report it to your supervisor, the Human Resources department, or the AlertLine.

CODE OF ETHICS

You can also provide a written statement to the Human Resources department: 3231 S.E. 6th Street, Topeka, KS 66607 (attn.: Vice President – Human Resources).

Management *must* promptly report all complaints of harassment or discrimination.

- *Stores* - report it to the Group Leader, District Leader, Manager or Director of Human Resources, or the Loss Prevention Department.
- *Corporate, CLI, Distribution Centers, or International Associates* - report it to a Human Resources Generalist or DC Human Resources Team Member.

All complaints will be promptly investigated. Associates will be questioned who have knowledge of the incident or similar problems. Written statements may also be requested to facilitate the investigation. Confidentiality will be maintained to the extent practical and appropriate, and information sharing limited to individuals with a “need to know.” Payless may decide, in some circumstances, that it has a need to maintain the investigation or its role in it in strict confidence (such as the need to protect witnesses, to prevent the destruction or fabrication of evidence, or to prevent a cover-up). If Payless imposes such a confidentiality requirement, and associates do not maintain such confidentiality, they may be subject to disciplinary action. Upon completion of the investigation, immediate corrective action will be taken if this policy has been violated. If warranted, disciplinary action will be taken, up to and including termination.

A copy of Payless’s separate, more detailed Matter of Respect: Policy Against Harassment is available on the Payless intranet.

WAGE/HOUR COMPLIANCE

Payless is committed to complying with all applicable local, state and federal wage and hour laws. Hourly Associates are required to record all work time – scheduled or unscheduled, overtime or straight time, benefit or nonproductive hours (e.g. vacation, sick or personal time), authorized or unauthorized -- and take all rest breaks and meal periods as required by law. “Hourly Associates” are those paid an hourly rate. It does not include most supervisors or Associates paid on a salary basis regardless of the number of hours worked. These individuals are referred to as “Salaried Exempt Associates.”

Intentional alterations or “corrections” to an Associate’s time records misrepresenting actual hours worked is prohibited. Further, never allow a co-worker to complete your time records. If a time entry must be changed, your supervisor must make the change and you must verify it.

Company policy also prohibits “*off-the-clock*” work. This covers a wide range of activities such as deliberate falsification of time records, coercion of extra unpaid work, or voluntarily working during lunch or after hours performing customer service or finishing a task. To avoid the potential for “off-the-clock” activity, Hourly Associates are prohibited from: (i) inaccurately recording time worked; (ii) failing to record hours for work performed at home or while not in the office or store, including work completed on a personal computer or mobile device such as a cell phone, i-phone or Smartphone; (iii) opening the store or assisting customers upon arriving to work, before clocking in; (iv) attending meetings, training, participating in conference calls, filing or completing

CODE OF ETHICS

paperwork, preparing work schedules, making bank deposits, stocking or performing inventory, working during a lunch break, or closing the store, while clocked out; (v) transferring hours from one day to another on a time record so as to not reflect overtime; (vi) keying in non-productive pay codes as a substitute for actual hours worked; or (vii) allowing non-Associates to perform work at a store without compensation. These activities are generally compensable work, whether performed voluntarily or at management's request. Management is responsible for ensuring Hourly Associates do not work off-the-clock. Any conduct encouraging or condoning the inaccurate recording of work time is strictly prohibited and will result in disciplinary action, up to and including termination.

Further, Hourly Associates may not work by remote access during off hours outside the office or store. You are not required or expected to read, send or respond to Company e-mails or texts outside of your normal work schedule unless specifically authorized based on your job duties or have been directed by your supervisor to do so.

It is also Company policy to provide Associates with *rest breaks and meal periods* as required by law. Consult the Rest Break/Meal Period Poster applicable to your particular state or jurisdiction located on the Company policy bulletin board or your Store's back room, for additional information. If you do not receive the appropriate rest break or meal period, report it to your supervisor, local Human Resources department, or the AlertLine.

Supervisors who learn an Hourly Associate is working off-the-clock, or not taking a scheduled rest break or meal period, must immediately report it to the Human Resources department.

INTEGRITY OF BOOKS AND RECORDS

Financial Records/Accounting Practices

Falsifying, altering, or destroying any account, record or other business-related document in violation of our Records Retention Guidelines (as defined below) is prohibited. Creating or maintaining any secret or unrecorded fund, asset, or account is also prohibited. Finally, making false statements, misleading or artificial entries, or intentional omissions or misrepresentations in Company books, financial records, (e.g. recording false sales or recording them early, understating or overstating known liabilities and assets, or deferring the recording of items that should be expensed), or on expense reports, is prohibited.

Maintenance and Preservation of Business Records

Business records, including e-mails, are subject to internal and external audits and may be required to be disclosed in the course of a lawsuit or a government investigation. These records are also often obtained and referenced by outside parties or the media. Be clear, concise, and truthful when preparing business records. Also avoid exaggeration, colorful language, conjecture, or derogatory characterizations of competitor's products, customers, or their motives.

Payless complies with all laws and regulations relating to records preservation. Records Retention Guidelines have been developed setting forth policies and procedures relating to records preservation. Business records must be retained or destroyed in compliance with such program, and any destruction of such records in violation of these guidelines, is prohibited. In the event of actual or reasonably foreseeable litigation or a government

CODE OF ETHICS

investigation, relevant records, including e-mails, must be retained and preserved even if they are to be destroyed in accordance with the applicable retention program. As soon as the Law department determines threatened or pending litigation requires that records be preserved, it will issue a *litigation hold* directive to the custodians of these records explaining this preservation requirement. You are expected to take all steps necessary to comply with the litigation hold if you receive one, and to ask the Law department for clarity if you have any questions.

A copy of the Records Retention Guidelines may be obtained on Payless intranet or from the Law department.

AVOIDING CONFLICTS OF INTEREST

The Company expects that business decisions are made in its best interests. Therefore, any situation creating a conflict of interest between the personal interests of an Associate and Payless's interests must be avoided. Some of the more sensitive areas giving rise to conflicts of interest, and our related guidelines, are set forth below.

Whether a conflict of interest exists can be unclear. If you become aware of an actual or potential conflict, contact your supervisor and local Human Resources department, who will consult the Law department. Vice Presidents and above should contact the Senior Vice President-Human Resources or the Division Senior Vice President - General Counsel.

Gifts, Loans, Prizes and Entertainment

The general rule is that all Associates are prohibited from *giving* or *receiving* from a current or prospective Business Partner non-cash gifts, entertainment, prizes, gratuities and favors in excess of \$100 (U.S.). Receiving gifts is specifically prohibited if: (i) the gift is in the form of cash or cash equivalents (e.g. gift cards); (ii) could be construed as a bribe; (iii) could be construed as an attempt to influence your impartial judgment; (iv) creates an appearance of impropriety; or (v) violates any law or regulation of the United States, any State thereof, or the country where the gift is being given or received. *Soliciting* gifts from a current or prospective Business Partner in *any* form or amount is also prohibited.

If a non-cash gift is received with a value in excess of \$100 (U.S.), if practical, return it to the sender or write a personal check to the sender for its full value, subject to the discretion provided below. Exceptions to these general and specific rules against the giving or receiving of non-cash gifts in excess of \$100 (U.S.) require the review and written approval of the Senior Vice President – Human Resources or the Division Senior Vice President – General Counsel.

Occasionally, there may be times when returning a gift would be impractical (e.g., perishable or consumable goods). In those rare instances, accept the gift on behalf of Payless, find a fair way to distribute it equally among the members of your department or donate it to a charitable organization. You should immediately tell your supervisor about any gift you have been offered or received if you feel the gift might be in violation of Company policy.

Acceptance of normal business meals from a Business Partner is appropriate if the value does not exceed \$100 (U.S.) and involves a bona fide business purpose. You

CODE OF ETHICS

may *not* accept tickets to events or entertainment (e.g., sporting events, concerts, or shows). It is permissible to attend an event or entertainment with the Business Partner and you may choose to do so if attending the event does not violate Federal, State or local laws, or the laws of the country where the event is taking place, and does not create an appearance of impropriety, but you must pay for the ticket and cost of attendance yourself, and this expense will not be reimbursed by Payless. The cost of the ticket must be at face value, which means the amount at which the public can purchase it.

Attending business-related conferences or seminars paid for by a Business Partner is permissible, as is accepting a waiver of registration fees for a business conference or seminar, but you may *not* have transportation, hotel expenses, meals paid for (other than those included as part of the registration fee) without approval by your functional leader and the Human Resources department. If you are asked to speak at a business conference or seminar, the content of your presentation must be reviewed and approved by the Corporate Communication and Community Involvement department.

Lastly, accepting free or discounted products or services for personal use from a Third Party is also prohibited unless such discounts are also offered to members of the general public. It is improper to accept a loan or guarantee of a personal obligation from a Business Partner and this is specifically prohibited by this policy.

Outside Employment

While employed by Payless, Associates are prohibited from serving as an employee, officer, director, contractor, or consultant with or on behalf of a competitor or current or prospective Business Partner. However, after disclosure to your supervisor, you may engage in outside employment or in “free-lance” or “moonlighting” activity if it does not create scheduling conflicts, significantly interfere with the time and attention which should be devoted to the responsibilities of your job, or adversely affect the quality of your work.

Performing non-Company work on Company time, or soliciting that work on Company premises, including while on a leave of absence, is also prohibited. In addition, you may not receive any form of compensation from anyone other than Payless for doing your job. For example, you may not receive compensation for speaking engagements associated with Payless. Such remuneration should be paid to Payless.

Corporate Opportunities

Associates may not divert to themselves, family members, or any other party the benefit of any venture, opportunity, or potential opportunity in any of Payless’s lines of business discovered while using Company property or information, or as a result of his or her position with Payless, without obtaining consent from the Executive Committee, or in the case of members of the Executive Committee, consent from the Board of Directors.

Business Relationships with Competitors or Business Partners

Associates may not hold or acquire a financial interest in a competitor or current or prospective Business Partner (other than up to 1% ownership of public companies) without written approval from the Division Senior Vice President - General Counsel. You are considered to have an interest in an organization or transaction if any member of your family or close relative by blood or marriage has a financial interest.

CODE OF ETHICS

Doing Business with Spouses, Relatives, or Friends

Avoid situations where personal interests conflict with, or appear to conflict with, those of Payless. Associates with family members or friends working for a current or prospective Business Partner or competitor may not use their influence to affect a decision which could benefit a family member or friend. Notice and written approval from the Senior Vice President-Human Resources and Division Senior Vice President – General Counsel is required before an Associate’s spouse, relatives or friends may do business with Payless or assist a family member in obtaining employment or other benefit from a Business Partner or competitor.

Independent Contractor and Consulting Arrangements

Associates should not enter into contractor or consulting agreements or relationships with another person, entity, or, in particular, a former Associate, without approval from the applicable department head and the Human Resources department. Such relationships must be carefully evaluated by Payless so as to avoid potential tax and other legal liability and ordinarily will be in writing.

Fraternization & Dating

We recognize you may develop personal relationships with co-workers. However, Associates are prohibited from dating or being involved in a romantic relationship where one of the Associates is in a position to supervise, review, or have any influence on the job evaluation or salary of the other such as where the Associates work in the same department, store or district. If this occurs, the Associates must inform their supervisor and local Human Resources department. We will work with both individuals to separate their employment responsibilities from their personal relationship so as to avoid a conflict of interest. If the conflict cannot be remedied to our satisfaction, one of the individuals will be required to resign from employment.

The same prohibition above applies where two Associates are family members or close relatives. Please refer to the [Employment of Relatives/Domestic Partners Policy](#) on the Payless intranet.

Personal Relationships With Business Partners

We believe our relationships with Business Partners should be based on objective, efficient, fair and lawful business criteria and practices. We must not take undue advantage of a Business Partner by using Payless’s influence inappropriately or for personal gain. Also, we should expect our Business Partners to follow all applicable laws, regulations, and legal requirements in their business practices, including but not limited to the Foreign Corrupt Practices Act and the U.K. Anti-Bribery Laws.

Payless encourages Associates to avoid social or other close personal relationships with current or prospective Business Partners as these relationships may give the perception that a business influence is being exerted. For example, it is inappropriate to date or be involved in any kind of romantic relationship with a current or prospective Business Partner and such relationship is prohibited. Close personal friendships with a current or prospective Business Partner are also prohibited.

When a former Associate takes a position with, or on behalf of, a Business Partner, Payless will not do business with that Associate for a period of one (1) year following his or her separation from employment, regardless of the business function in which the former Associate was involved at Payless.

CODE OF ETHICS

If you believe you may be perceived as having an inappropriately close relationship with a Business Partner, you must inform your supervisor and local Human Resources department. We will consider your relationship with the Business Partner and may reassign you to other areas of the Company or other areas of responsibility so that your personal relationship does not interfere with sound business judgment or the best interest of Payless. Inappropriate relationships, e.g., romantic or physical relationships, may result in disciplinary action, up to and including termination.

Non-business Activities

Participation in a trade association, professional society, charitable organization or government institution on a non-compensated basis, or the holding of part-time public office, does not generally create a conflict of interest. However, if it will involve a substantial time commitment, approval of your supervisor and the Human Resources department is required.

PAYMENT PRACTICES

Payments to Government Personnel

When conducting business outside the United States, you must be sensitive to foreign legal requirements and U.S. laws that apply to foreign operations, including the Foreign Corrupt Practices Act (“FCPA”) and the UK Bribery Act. The FCPA, the UK Bribery Act, and similar laws address how companies conduct business outside the U.S. and make it unlawful to make a payment and/or offered anything of value to foreign government officials, government agencies, political parties, political candidates, or in some cases, anyone, to influence the action taken by such individual or agents or to gain a competitive or improper business advantage. It is very important to know that the prohibitions of the FCPA, the UK Bribery Act, and similar laws apply to actions taken by all Associates and by all outside parties engaged directly or indirectly by Payless (e.g., consultants, brokers, professional advisors, or sales representatives). The fact that such activities may be accepted local practice in a country does not relieve you from complying with such laws. The FCPA, the UK Bribery Act, and similar laws also require companies to maintain accurate records showing that payments and expenses were for valid business purposes.

Given the complexity of the FCPA, the UK Bribery Act, and similar laws, and the severe penalties associated with an investigation or violation, Associates are urged to contact the Law department with any questions concerning Payless’ or their obligations under and in compliance with these laws.

Bribery, Kickbacks, and Fraud

Offering or accepting bribes, kickbacks, or payoffs from a past, current or potential Business Partner to obtain, influence, or maintain a transaction or relationship is prohibited. Report any actual or attempted bribery, kickback, or fraud to the Division Senior Vice President - General Counsel or the AlertLine.

Consultants, Agents and Foreign Representatives

Commission or fee arrangements can only be made with bona fide commercial representatives, agents or consultants, must be in writing, and the commission or fee reasonable and consistent with normal industry practice. No undisclosed or unrecorded fund or asset may be established or maintained for any purpose. No payment may be

CODE OF ETHICS

made in cash, and no corporate checks or wire transfers made to “cash,” “bearer” or to third party designees for the party entitled to payment without proper authority. Inquiry into the reputation and activities of Payless’s commercial intermediaries, including agents, consultants, and distributors, should also be made prior to entering into such arrangements. Do not enter into such arrangements with any firm in which a government official has an interest unless approved by the Division Senior Vice President - General Counsel.

Political Contributions

Federal law prohibits Payless from making contributions of money, goods, or service to candidates for Federal office, or any committees supporting such candidates or parties, and no person may lawfully do so on Payless’s behalf. The Political Action Committee (“PAC”) is an organization through which Payless’s directors, officers and Associates may pool contributions and provide them to Federal candidates who hold positions consistent with our business interests. Proposed contributions must be presented to the PAC Board of Directors and approved in accordance with the PAC’s by-laws and rules. To ensure consistency, all proposed political contributions, even those to candidates for state office (where direct corporate contributions are allowed by law) should be administered through the Law department.

OBLIGATIONS TO CUSTOMERS, COMPETITORS AND BUSINESS PARTNERS

Competition, Anti-Trust & Fair Trade

Company policy is to comply fully with all applicable anti-trust laws. Antitrust laws prohibit agreements among actual or potential competitors to fix or control prices, fix bids, set terms of sale, allocate or apportion markets, boycott specific suppliers or customers, or limit production and sale. These laws also prohibit arrangements with competitors regarding costs, inventories, discounts, rebates, warranties, transportation charges, allocating exports or imports, controlling or limiting product quality or research, or tie-in sales. Avoid any communication – written or verbal – that could be misinterpreted as a request to restrain trade or fix prices. Violation of antitrust laws is a crime and can result in substantial fines and imprisonment.

Normal patronage of competitors’ stores and participating in trade associations and professional societies does not generally create anti-trust problems. However, before engaging in any of the following activities with a competitor, contact the Law department: (i) discussing a potential merger, acquisition, or joint venture; (ii) standardizing products, processes, materials or services; (iii) collecting and disseminating industry statistics; or (iv) discussing product safety matters. Any instance in which a competitor has suggested collaboration regarding any of these topics should be reported to the Division Senior Vice President - General Counsel.

With regard to international activities, be aware that United States anti-trust laws apply to conduct outside the United States if it has a direct, substantial and reasonably foreseeable effect on commerce within the United States. Moreover, if you transact Company business in foreign countries, you must also comply with the anti-trust laws of the relevant countries, where applicable.

Confidential Information of Third Parties

Payless is entrusted with confidential information of Business Partners and often gives contractual commitments to protect such information. This includes financial, business,

CODE OF ETHICS

scientific, technical, and economic information. Reasonable efforts to safeguard this information should be taken.

Associates are also prohibited from using or disclosing confidential information to Payless acquired from a competitor or Business Partner, whether in your memory or in writing, if obtained by improper means. "Improper means" includes stealing, bribery, false identities, misrepresentations, hidden cameras, visits under pretext, and any other manner of fraud, or deception, including removal of the information obtained while in the employ of another.

Questions about whether information is confidential should be directed to the Law department.

ENVIRONMENT, HEALTH AND SAFETY

Workplace Health & Safety

Safety, health and environmental laws play an important role in the way we conduct business and, if disregarded, can result in civil and criminal penalties. Associates are responsible for following Payless's safety and environmental rules and procedures relevant to their job. For example, the packaging, marking, handling, storage, transportation, and disposal of various materials and trash are regulated. All accidents, injuries, and unsafe, unhealthy or hazardous conditions should be reported to the Risk Insurance or Loss Prevention departments. Appropriate and timely action will be taken to correct all known unsafe conditions.

Drug and Alcohol Abuse

The health and safety of Associates, and the quality and productivity demanded by Customers, requires that you report to work free from the use or influence of alcohol, illegal drugs, or controlled substances.

Being under the influence, in possession of, distributing, using or selling drugs that are illegal under state or federal law, or the intentional misuse of any legal or medically prescribed drugs, on Company premises, on Company time, at a Company function, or in a Company vehicle, is strictly prohibited. Associates using medically prescribed drugs that may impact work performance must provide a medical release stating they are able to perform their job functions. Being under the influence of alcohol on Company premises, on Company time, or in a Company vehicle, is also strictly prohibited.

Associates are reminded that possession or use of marijuana on Company premises, on Company time, or in a Company vehicle, whether for recreational or medical purposes, is unlawful under federal law (Controlled Substances Act) and is subject to this policy's provisions related to illegal drug use.

Payless reserves the right to take all appropriate and lawful actions necessary to enforce this policy, including but not limited to, requesting Associates to submit to a drug and/or alcohol test if the Company has a reasonable suspicion that the Associate may have violated this policy or in the case of a work-related accident. Refusal to submit to a Company-requested drug or alcohol test may result in termination of employment. Payless will also cooperate with law enforcement agencies in their efforts to investigate violations of laws regarding illegal drugs and alcohol.

CODE OF ETHICS

We also conduct pre-employment drug screening for certain stores and locations. Employment in these locations is contingent upon the satisfactory results of this drug screening test.

Alcohol Consumption at Company Functions

Excessive alcohol consumption may endanger the health and safety of Associates and others around them and tarnish Payless's reputation. To this end, we will not reimburse Associates for the purchase of alcoholic beverages, whether consumed at a Company function, or while traveling for Company business. The purchase of alcohol is considered a non-reimbursable personal expense. Any approval by a supervisor of alcohol as an expense is a violation of this policy and may result in disciplinary action. The consumption of alcohol is also prohibited during normal business hours (8:00 a.m. to 5:00 p.m., Monday – Friday).

It is also Payless policy to take steps to limit the consumption of alcohol at Company-sponsored functions. The possession or consumption of alcohol at Company-sponsored functions may only occur with prior approval from the executive in charge of the event (Division Senior Vice President or higher). After granting approval, that executive has ultimate responsibility for ensuring that Associates adhere to the guidelines set forth below.

“Company-sponsored functions,” to which this policy applies include, but are not limited to, district or regional meetings; CCM; receptions for business guests, civic or business organizations; and Board meetings. At all Company-sponsored functions, alcohol is not a reimbursable expense. Any exception must be approved by the Chief Executive Officer.

Alcoholic beverages are not to be served in offices or work areas. Alcohol is restricted to areas designated for consumption of food or drink, such as dining rooms, restaurants, and cafeterias. Food must be available. Any off-site Company-sponsored functions where alcohol is being served should be held at licensed facilities such as restaurants, hotel meeting rooms and not in personal hotel rooms.

Alcoholic beverages must be served by licensed third parties or professional bartenders, rather than simply made available, to those who wish to partake. Self-serving of alcoholic beverages at Company-sponsored functions is strictly prohibited. Similarly, alcohol is not to be served to minors or anyone who appears to be impaired and the serving of alcohol must be consistent with and in compliance with all Federal, State, City, County, and local laws, regulations, and ordinances.

Associates who chose to drink alcohol at Company-sponsored functions are expected to use good judgment and to remember that, as Associates of Payless, you represent our highest values and standards. It is unacceptable for Associates to consume excessive amounts of alcoholic beverages at any event where you are representing Payless. You are also discouraged from going to bars or nightclubs with co-workers, subordinates, or Business Partners following business functions or meetings and consuming excessive amounts of alcohol as this may impair sound judgment and/or reflect negatively upon Payless.

Driving while under the influence (as defined by applicable local or state law) of alcoholic beverages on Company time or in a Company vehicle is strictly prohibited. Safe

CODE OF ETHICS

passage home must be arranged for anyone who appears to be impaired at a Company function.

Workplace Violence Prevention

Payless expressly prohibits workplace violence. Intimidation, harassment, bullying, and other threats of (or actual) violence that may occur on or away from the Company premises against an Associate, customer, vendor, visitor, or third party (i.e., domestic partner) is considered workplace violence. This includes, but is not limited to, obscene or hostile behavior, physical abuse, vandalism, arson, sabotage and threats to inflict bodily harm. This also includes jokes or offensive comments regarding violent events. Fighting, “horseplay” or other conduct that may be dangerous to others is also prohibited.

Firearms, weapons (e.g., knives, explosives, chemicals and organic materials, and other implements or materials) and other dangerous or hazardous devices or substances are also prohibited on Company property without proper Company authorization. “Company property” is defined as all buildings, facilities and parking areas owned or leased by Payless, premises leased or reserved for Company-sponsored events, and all other places where Payless conducts business or sponsors events.

We reserve the right to inspect an Associate’s office and/or work area and personal items including, but not limited to, desks, telephones, lockers, computers and data storage devices (e.g., flash drives), voice mail and e-mail, Company-provided or personal mobile devices used for business purposes, vehicles, parcels, electronic media, handbags and briefcases, with or without notice, in the process of applying and enforcing this policy.

All threats (or actual) workplace violence, whether subjected to or witnessed by an Associate, or situations that could pose a threat to their safety or the safety of others in the workplace should be immediately reported to your supervisor, the Human Resources or Loss Prevention departments, or the AlertLine.

Product Quality and Safety

Payless strives to provide high quality and safe products to our Customers. Products must be designed and produced to Company standards and comply with all applicable laws, regulations and contractual obligations. We also require our vendors and manufacturers to warrant that all goods sold to it comply with applicable laws, rules, regulations, Company quality standards, and other contractual obligations.

USE AND PROTECTION OF COMPANY ASSETS

Fraud

Theft, fraud, embezzlement, or misappropriation of Company property, or that of Associates, Customers, or Business Partners, is prohibited. Under no circumstances may Associates engage in fraudulent conduct. Examples include forgery or alteration of checks or any other documents, misappropriation of funds or other assets, impropriety in handling or reporting of money or financial transactions, theft or dishonesty, and destruction or disappearance of records, fixtures, or equipment.

CODE OF ETHICS

Receipt and/or Removal of Company Property

Any removal of Company property (e.g. samples, equipment, fixtures, product, supplies, manuals, intellectual property, and data) from Corporate offices, satellite offices, distribution centers or stores without proper authorization or business need is considered theft. Company property that is obsolete or no longer needed may be sold or given to Associates only when authorized by the appropriate function leader. Payless assumes no responsibility for the condition or functionality of the property.

Product samples no longer needed for business purposes should generally be donated to charitable organizations specified by Payless. On occasion, product samples may be sold to Associates during announced location-wide events. All proceeds from these sales may be donated to a charitable organization designated by Payless. Associates are required to disclose all product samples before leaving the building.

Associates are also prohibited from using Company assets or property for their own advantage or benefit, including any outside business or other employment. Similarly, Associates are prohibited from purchasing merchandise from Payless stores using their discount and then re-selling such merchandise through eBay, swap meets, flea markets, or some other method. Re-selling such merchandise in these venues is acting in competition with Payless and is prohibited.

Associates who suspect or observe an Associate, Business Partner, or guest removing Company property without authorization, or intentional destruction of property, have the responsibility to report it to their supervisor, the Human Resources or Loss Prevention departments, or the AlertLine.

No Professional References

Associates should not provide employment references for current or former Associates or Business Partners, either verbally, in writing, or via social media channels (e.g., LinkedIn, Ladders) in their official capacity as such references, positive or negative, can be attributed to Payless and create legal liability for the Associate and Payless. For example, a positive recommendation or endorsement on a person's LinkedIn page is the same as an employment reference. Associate may choose to provide *personal* references to individuals, including former Associates or non-Associates (e.g., a former work colleague from a prior employer or Business Partner), but should not use their Company affiliation when providing the reference.

Anyone who receives a request for information regarding a current or former Associate's employment with Payless should follow the steps outlined in the [Requests for Personnel Information & Professional References Policy](#) on the Payless intranet or contact the Human Resources department.

Finally, using Payless letterhead to write letters on matters unrelated to Payless business (e.g., seeking contributions for a non-company sponsored charity or political candidate), in your Company capacity is prohibited as such practice could expose Payless to liability.

USE OF COMPUTERS AND MOBILE DEVICES

Payless permits certain Associates and Business Partners ("User" or "Users") to use Company-provided computers and mobile devices, including desktops, laptops, tablets,

CODE OF ETHICS

and smartphones, and in certain cases personally-owned mobile devices, (collectively “Device” or “Devices”) to perform work for Payless. The decision to provide a Device to a User, or permit such use, will be based on appropriate management approval.

No Expectation of Privacy

All material, data, communication and information, information including, but not limited to, e-mail (both outgoing and incoming), telephone conversations and voice mail recordings, instant messages, text messages, the Internet, photographs, videos, and social media postings and activities (“Content”) created on, transmitted to, received or printed from, created, or stored or recorded on a Device is the property of Payless.

In order to prevent misuse, *Payless reserves the right to monitor, intercept, review, access, and erase, without further notice, all Content created on, transmitted to, received or printed from, or stored or recorded on a Device.* This includes, without limitation, the recording, disclosing, inspecting, reviewing, retrieving and printing of messages, communications, recordings, postings, or log-ins; reviewing e-mails sent or received on the Device; monitoring sites visited by Users; and reviewing files and materials downloaded or uploaded from the Internet, whether the Device is in the User’s or Payless’s possession. This also includes information sent from personal e-mail accounts to a Device or personal e-mails stored on a Device. Therefore, Users should have *no expectation of privacy* in any Content created on, transmitted to, received or printed from, or stored or recorded on the Device.

Payless may also store copies of Content for a period of time after its creation and delete such copies from time to time without notice. In addition, Payless may obtain and disclose copies of such Content, or the Content of the entire Device (including personal content), for litigation, pursuant to a subpoena or court order, any actual or reasonably suspected incidents of hacking, or as part of a Company investigation in appropriate circumstances. Finally, Payless may request user name/password access to Devices and request that Users divulge personal social media user names, passwords, or other information in order to access a User’s personal social media account if reasonably believed to be relevant in an investigation of misconduct, unless prohibited by applicable law.

Appropriate Use Required

The inappropriate or unlawful use of cameras, video, or other recording technology on a Device in the workplace, or in the performance of the User’s job outside the workplace, is prohibited in order to protect the privacy and the confidentiality of Customer, Associate, and business information. Ringtones should be appropriate for a professional business environment. Business-related texting and e-mailing should also be professional.

Payless’s policies prohibiting harassment, discrimination, bullying, and retaliation apply equally to the use of all Devices. Users may not use a Device in a manner that may be construed by others as harassing or offensive based on race, national origin, gender, sexual orientation, pregnancy, age, disability, religious belief, or any other basis protected by applicable law, or that is abusive, offensive or profane.

Hourly Associates are not required or expected to read, send, or respond to Company e-mail or texts using the Device, while clocked out unless specifically authorized based on

CODE OF ETHICS

your job duties or you have been directed by your supervisor to do so. If this occurs, all time spent doing so must be added to the Hourly Associate's timesheet.

For the safety of both Users and the public, Users must not be distracted while driving. Payless discourages Users from engaging in work or answering phone calls while driving. Any texting, e-mailing, or looking up phone numbers while driving is prohibited. Regardless of the circumstances, including slow or stopped traffic, Users should stop driving and pull off the road in a safe area such as a parking lot or wait until reaching the intended destination, before attempting these activities. Regarding telephone calls only, if work-related use of the Device while driving is unavoidable, and in compliance with applicable state law, Users should use a hands-free device, keep the call short, and refrain from making or receiving telephone calls in bad weather or heavy traffic. Any and all liability resulting from the use of the Device while driving will be the sole responsibility of the User. Device use must also comply with applicable state and local laws.

Personal Computers or Personal Mobile Devices

Associates are expected to exercise discretion in using personally-owned mobile devices while at work. If it is necessary to carry a personally-owned mobile device while at work, it should be kept in non-ringing mode. Associates are also encouraged to make personal calls on non-work time when possible and to ensure family and friends are aware of this policy. The use of cameras on personally-owned mobile devices in the workplace is also prohibited to ensure Associate privacy and the confidentiality of business information. If personally-owned mobile device usage causes disruption, disciplinary action may result.

Confidential business information should not be sent or received over personally-owned mobile devices or home/personal computers. Further, Company-related e-mail messages, and Company documents generally, should not be forwarded to, or stored on, an Associate's personally-owned mobile device, home/personal computer, or a personal e-mail account (e.g., Yahoo! Mail, Google's Gmail), or downloaded, saved or moved to a thumb drive, USB drive or some other storage device, as such activity can create legal liability for Associates and Payless. If due to travel or extenuating personal reasons an exception is needed, Associates must delete or remove the Company-related e-mail from the personally-owned mobile device, home/personal computer, personal e-mail account, or other off-site storage device within 14 days following such transfer.

Associates should also not use personally-owned devices to connect to the Payless network, or plug in, without approval of IT End User Services. In addition, Associates should not use their personally-owned mobile devices to access Company e-mail without approval of their function leader and the IT End User Services.

E-Mail and Instant Messaging

Instant messaging ("IM") and text messaging (e.g., SMS text messaging) are permitted for short business conversations only, and will be allowed only on Company-approved Devices (currently Microsoft Communicator). Downloading and using personal, consumer-grade software (e.g., AOL Instant Messenger, Yahoo!, Google Talk, or MSN) to transmit messages via the Internet is prohibited as such activity can create legal liability for yourself and Payless. Also do not use the "chat" or IM function on Facebook, Skype or other social media sites to transmit messages intra-company or via the Internet. However, Payless allows "business-to-business" IM communications using

CODE OF ETHICS

consumer-grade software (e.g., AOL Instant Messenger, Yahoo!, Google Talk, or MSN) in conjunction with the Company-approved IM application in order to provide more flexibility when Associates communicate with third parties who have a direct business relationship with Payless. The installation of non-approved IM software on a Device continues to be prohibited outside of the aforementioned business need.

Refer to the [E-Mail and IM Retention Policy](#) on the Payless intranet or contact the IT department for additional questions or information.

Social Networking and Social Media

Usage of social or professional networking sites, blogs or social media (e.g., Twitter, Facebook, MySpace, LinkedIn, YouTube) on work time in work areas for non-work purposes should be minimal and infrequent and not interfere with Company business or your job performance. Such sites are not allowed for business conversations involving confidential, proprietary or competitive information regarding Payless, its Associates, Customers, or Business Partners, to discuss the details of a particular engagement or project, or as a message board. For example, Associates may not send Company performance data (e.g., sales, CSAT, SFS, UPT, or Conversion metrics) over non-Company provided devices.

Social media accounts set up at the direction of Payless to communicate with Customers, the passwords, and any “followers” or “friends” are Payless’s confidential information. These are for business use only, not for personal use. All social media accounts set up on behalf of Payless, including log-in information and passwords, user names, on-line personas, etc., must be relinquished upon separation from employment.

Refrain from social media activities or on-line behavior, both at work and away from work, that is discriminatory, harassing, offensive, or that could reasonably be viewed as malicious, obscene, vulgar, threatening or intimidating, bullying, or that disparage Customers, Associates, or Business Partners. The policies and standards set forth in the Code, Associate Handbook, Information Security Policy, confidentiality agreements and other applicable policies also apply to on-line activities.

Be truthful and respectful of Payless’s products and services, refrain from using aliases or pseudonyms, and make it clear in any on-line activity or social media that your views and opinions about work-related matters are your own, have not been reviewed by Payless, and do not necessarily represent the views of Payless.

You are responsible for your actions. Do not publish content that is untrue, misleading or deceptive. Take all reasonable steps to ensure that the information you publish on social media is based on current, accurate, and complete data and/or information.

Statements or endorsements on social media made regarding Payless’s products require you to disclose your identity and employment relationship with Payless, and include a disclaimer that any opinions are your own and do not represent Payless’s position, strategies or opinions.

Read, understand and comply with the Terms of Use or Terms of Service of social media that you use for business purposes before publishing content to it as use of the website might bind Payless to these terms.

CODE OF ETHICS

Respect the laws regarding copyrights, trademarks, rights of publicity and other third party rights. Posting copyrighted content without authorization of the copyright owner could subject Payless to a copyright infringement claim. Post only content that Payless owns or content that is properly licensed. Do not infringe on Payless's logo, brand names, taglines, slogans or other trademarks. Do not register user names on your personal social media sites which include Payless's name, taglines, or your Payless e-mail address. Prior to using the Company brand, logos, copyrights, slogans or trademarks on your profile or other social media, you must obtain permission from the Corporate Communication and Community Involvement department. Also avoid identifying Payless on your personal Facebook page without activating the privacy settings.

Let the subject matter experts respond to negative posts or content about Payless or its brands. Pass the posts or content to our official spokespersons trained to address such comments. For product-related or Customer service issues, forward them to the Customer Support Center. All other issues should be forwarded to the Corporate Communications and Community Involvement department.

Be conscious when mixing your business and personal lives. Assume that no matter how restrictive your privacy settings, your posts may become public.

If you are unclear about what is appropriate to say on a social media channel, or to report a concern, contact your function head or the Human Resources Department. Refer to the Social Networking and Social Media Policy and Social Media Dos & Don'ts on the Payless intranet, or the Corporate Communication and Community Involvement department, for additional questions or information.

Company-Provided Mobile Devices/Bring Your Own Device

To protect the security and integrity of Payless's data and technology infrastructure, the privacy of Associate and Customer information, to define User eligibility requirements, to provide guidance for the secure use of Devices, and to provide costs/reimbursement guidelines, Payless has a separate Company-Provided Mobile Device Policy and/or Bring Your Own Device ("BYOD") Policy located on the Payless intranet. Any use of a Device for business purposes must conform to such policy, and Users must sign an acknowledgement agreeing to comply with the terms and conditions set forth in such policy in order to connect Devices to the Company network and communicate with Payless Associates, Customers, and Business Partners.

Network Security

Safeguards are in place to ensure the Devices are protected from unauthorized use or access. Use in a manner that could compromise its security and integrity, including circumventing protective procedures, gaining unauthorized access, or knowingly creating an opportunity for intruders or viruses to enter a Device, is prohibited. For example, do not attach ipods, MP3 players, or similar devices to a Device. All network connections, direct or remote, must be approved by the IT department.

Payless has a separate, more detailed Information Security Policy designed to inform Associates about access and use of Devices in a manner which minimizes the risks associated with connecting thereto. Such policy addresses issues such as PCI controls, copying and downloading, remote access, passwords, computer viruses, application development, and encryption. All Associates are responsible for reading and

CODE OF ETHICS

understanding the policy, and for complying with it. The policy is available for on-going review from the Information Security department or on the Payless intranet.

Software

All software used by Payless must be licensed, created or purchased by the IT department. If Payless has a license for the software, you may download new or updated versions as long as a new maintenance contract is not required. Associates are expected to safeguard the software provided to them, and may not loan or give it to anyone else (including co-workers). Using or distributing personally-owned software on a Device is also prohibited.

Commercial software and shareware (typically free for home use only), including trial versions, must be purchased before downloading and may not be downloaded from the Internet, purchased via a credit card for Company use, located on Payless servers and loaded on Payless computers, or purchased for home use and loaded on Company computers. Freeware, most of which is already loaded on your work station (e.g., Adobe Reader, Real Media, Flash Media, and Quicktime) may be used or downloaded without purchasing it. Do not copy software manuals for use at home or by other Associates and contractors, or place software on a LAN for use by others, without approval of the Chief Information Officer.

Questions about software licensing and usage should be directed to the Chief Information Officer. The need for additional software to perform your job should be discussed with your supervisor and the IT Help Desk.

SAFEGUARDING CONFIDENTIAL INFORMATION & INTELLECTUAL PROPERTY

Confidential Information

Associates may be exposed to confidential information of Payless during employment. “Confidential Information” is defined as all non-public information that might be useful to competitors or harmful to Payless if disclosed, and includes but is not limited to strategic plans; sales figures; financial information; marketing plans and strategies; brand development; quality assurance manuals; product lines or designs; patents; proprietary software; information regarding negotiations, agreements or dealings between Payless and others; internal reports, policies or other internal business-related confidential communications; and certain employee-related information (e.g., personal health information, performance history, budgeted payroll or expenses).

Because the nature of our business is highly competitive, Confidential Information must be held in strict confidence and care exercised to avoid disclosure. All files, records, and reports, including Confidential Information, acquired or created in the course of employment are Payless property. Originals or copies of such information may be removed from offices for the sole purpose of performing your job duties and must be returned upon request. Disclosure of Confidential Information to spouses, friends, and business partners should be avoided, access limited to persons having a need to know, stamped “Confidential,” and properly safeguarded at all times. Conversations which include Confidential Information should not occur in hallways, cafeterias, on blogs, in chat rooms, or other public places. These same confidentiality safeguards which apply to written documents should also be applied to e-mail communications. This policy does not, however, prohibit discussions regarding wages, hours or working conditions on Company property or Company time or with others during non-work hours.

CODE OF ETHICS

The head of the department responsible for a project in which Confidential Information is shared must also ensure all vendors, agents, suppliers and other third parties enter into a written Non-Disclosure Agreement (“NDA”). An NDA may be obtained from the Law Department.

Upon separation from employment, all documents, papers, computer disks, thumb drives, Company-provided laptops or mobile devices, or other material (including copies thereof) in your possession or control must be returned. Associates are also prohibited from uploading Microsoft Outlook contacts or any other contacts from Payless’s contact management system into their LinkedIn, Facebook or Twitter accounts without prior approval from their manager or supervisor.

Intellectual Property Rights

Patents, trade secrets, trademarks and service marks – words, slogans, symbols or logos used to identify a particular source of goods or services – all are valuable assets (collectively “Intellectual Property”). Do not enter into any agreement regarding Payless’s Intellectual Property, or use the Intellectual Property of another company even with whom Payless has a business relationship, without prior approval from the Law department. Payless also respects the Intellectual Property rights of others and any proposed new product name must be approved by the Law department.

Payless is also entitled to all rights in the ideas, inventions, and works of authorship relating to its business created, developed or authored by Associates during employment (“Employee Developments”). Upon request, Associates must execute, without further compensation (unless required by law), the documents necessary to assign and transfer all rights in and to the Employee Developments to Payless.

Customer and Associate Data Privacy

Payless respects and values its Associates’ and Customers’ privacy and expects you to do the same. You should maintain Personal Data with care and respect, while protecting against inappropriate access and disclosure and not use or transmit any personal data that comes into your possession through access by which you have as part of your job for your own benefit or in any other inappropriate way. If you suspect misuse of Associate or Customer personal information, notify your supervisor, the Law department or contact the AlertLine.

We endeavor to comply with all applicable privacy laws, including laws regulating the privacy of personal, employment, financial or medical information. A variety of physical, electronic, and procedural safeguards exist to maintain the safety of this information. “Personal Data” such as social security numbers (“SSNs”), credit card numbers, bank account numbers, phone numbers, e-mail addresses, personal health or medical information, and driver’s license numbers are collected only for legitimate business purposes and appropriate steps to safeguard it are taken, including limiting access and use to only that which is required by an Associate (or third party contractor) to do their job. Specific information may be subject to special privacy rules or procedures. Read, understand and stay current on rules or procedures applicable to your job.

A copy of our Privacy Policy, which addresses the steps taken by Payless to protect Customer privacy, may be obtained at www.payless.com.

CODE OF ETHICS

NON-SOLICITATION/NON-DISTRIBUTION

Prohibited Solicitation/Distribution of Literature

Non-associates, including vendors and third parties, are prohibited from soliciting associates, literature distribution, or trespassing at all times on Company premises, including the Corporate office, Distribution Centers, Satellite offices, other offices, and Stores.

Associates are prohibited from *soliciting* other Associates while either the person doing the soliciting or the person being solicited is on working time. Solicitation by an Associate of another Associate is also prohibited while either Associate is in an area frequented by customers or used to transact business with Customers such as the selling floor. Prohibited solicitation includes, but is not limited to, any canvassing, collection of funds, pledges, circulation of petitions, solicitation of memberships, donations, or other similar activity.

Distribution of advertising material, handbills, or printed or written literature of any kind by Associates is also prohibited on working time, in working areas, or in areas frequented by Customers or used to transaction business with customers such as the selling floor. Prohibited distribution includes non-Company literature such as pamphlets, fundraising forms, leaflets, letters or other printed material. In addition, prohibited distribution of literature includes literature that violates Payless's non-discrimination and harassment policies, is insulting, abusive or defamatory and has no reasonable connection with any proper activity, is vulgar, or is deliberately or maliciously false. Refer to the "Permitted Solicitation/Distribution" section of this policy below for a discussion of approved Payless-supported initiatives and activities.

Under this policy, "working time" includes all time during which an Associate is assigned to or engaged in the performance of job duties. It does not include meal periods, rest breaks, and before and after work. "Working areas" include any area where actual work is performed and does not include areas such as lunch rooms, break rooms, rest rooms, hallways, sidewalks or parking lots.

Associates are also prohibited from using Company equipment (including but not limited to e-mail, computers, photocopiers, fax machines, software, inter-office mail, mobile devices, voicemail and the Payless intranet) or supplies to copy or distribute literature or solicit support for any non-work related matter or any non-Company related business or cause. Similarly, Associates cannot use Payless's computers or Company-Provided mobile devices to access their personal e-mail in order to engage in such prohibited distribution or solicitation.

In addition, Associates are not permitted access to the interior of Company premises during their off-duty hours unless they are on approved Company business.

This non-solicitation and non-distribution prohibition has equal application to Associates soliciting contributions or donations from Business Partners as well as the distribution of literature to those businesses for personal causes or non-approved Company campaigns.

Any exceptions to this policy must be approved by the Executive Committee. To that end, only a limited number of charitable activities will be approved by Payless (ordinarily,

CODE OF ETHICS

a maximum of one per quarter in the first three quarters of the year with Payless's annual giving campaign comprising the Company-approved fourth quarter activities).

Permitted Solicitation/Distribution Activities

Solicitation and distribution activities, such as benefits brochures and internal communications, as part of Payless-approved and supported initiatives as well as to communicate our regular benefits or its subsidized benefits, is permitted in non-working areas.

Vendors and other third parties are also permitted on Company property to solicit Associates if the solicitation is part of our regular benefit package. Similarly, vendors and other third parties are permitted on Company property to transact business with Associates regarding Payless subsidized benefits. Finally, the communication of special vendor offers Payless has secured for Associates is permissible as long as the communications comes directly from Payless – not the vendors themselves.

The communication of volunteer opportunities is an important aspect of Payless's culture. This policy is not applicable, therefore, and Payless's communicating of volunteer opportunities to Associates is permissible, where it is related to a Company-sponsored event. However, the communication of such opportunities by Payless will ordinarily be limited to the posting by Payless of such opportunities in non-work areas and the limited use of e-mail and postings to the Payless intranet or portal by the Corporate Communications and Community Involvement department to advise associates of such opportunities.

These are the only exceptions related to vendor solicitation or distribution, and must be approved by the Executive Committee.

Conduct of Approved Campaigns

Company-approved charitable activities such as the annual giving campaign may only be conducted in locations and times approved by senior management. In all cases, the charitable campaign teams, including chairpersons, captains, and solicitors, are to be made up of Associates. The soliciting organization may be asked to provide assistance in certain charitable campaign matters, such as campaign team organizations, campaign techniques, or solicitation training; however, personnel of the soliciting organization should not be involved in the actual solicitation contact and any of their time spent on Company premises should be limited.

Publicity

Company communication vehicles, such as the Payless intranet and signage in public areas, may be used to promote approved Company-sponsored charitable activities. Similarly, such charitable activities may be promoted through the distribution of campaign materials, bulletin board announcements, posters and similar techniques as approved by the Corporate Communications and Community Involvement department.

IMPORT AND EXPORT CONTROLS

It is Company policy to comply with United States economic sanctions and export control laws, and similar laws of other countries where we do business. Violations of these laws can subject Payless to substantial civil or criminal penalties.

CODE OF ETHICS

U.S. economic sanctions prohibit U.S. citizens from engaging in transactions with certain sanctioned countries or parties – for example, importing or exporting goods or services from or to the sanctioned countries or making investments in those countries. The list of countries and parties covered by U.S. sanctions are amended from time to time.

U.S. export control laws limit the transfer of goods or technology from the United States to specific foreign countries, or the re-transfer from one foreign country to a third country destination. Export control laws may apply to inter-Company transactions (including between Payless affiliates) and transactions with Customers or Business Partners depending on the ultimate destination, end-user, and end-use of the company products.

All products purchased, exported or imported by Payless must comply with applicable laws, regulations and standards of the United States and, in some cases, foreign laws as well. Labeling, customs entry declarations, country of origin information, and commercial documents required for entry into the U.S. and all other countries in which Payless operates must be accurate and comply with all government requirements, including recordkeeping obligations. Compliance with these laws helps ensure our imports are not subject to delays or penalties, and allows us to take advantage of programs to reduce duties. Payless also participates in the U.S. Customs and Border Protection's Customs-Trade Partnership Against Terrorism (C-TPAT) Program. All members of our Supply Chain are expected to participate in the C-TPAT Program, if available, and to implement all C-TPAT and other reasonable recommendations to increase supply chain security.

It is also Company policy to comply with U.S. anti-boycott laws. In a "boycott" one country or group of countries seek to block third parties from shipping goods into another country or bar the third parties from doing business in that country. Payless can be penalized under U.S. law for cooperating with a foreign boycott directed against a country friendly to the United States. The most commonly encountered example is the Arab League boycott of Israel, but U.S. law and regulations can apply to any foreign boycott that the U.S. government does not support.

Requests to cooperate with a boycott may be oral or written, and it may not be apparent or self-evident that the request is boycott-related. It can be a direct boycott such as in a negative certificate of origin (i.e., these goods "are not of Israeli origin") or an indirect or implicit boycott such as contractual requirements that Payless "comply with all applicable laws of the U.A.E." but the U.A.E. has a boycott of Israel. Requests are often found in letters of credit, shipping instructions, certificates of origin, and other contract-related documents from countries that support the boycott. For example, a customer may ask for our certification that products supplied are not made in a particular country, directly or indirectly, in whole or in part. Complying with this request is prohibited by law and Payless must report this to the U.S. government.

Any Associate receiving a request to participate in an unauthorized boycott or restrictive trade practice must immediately contact the Division Senior Vice President – General Counsel. Payless is obligated to report to the U.S. government any received request to participate in a foreign boycott, even if such requests are declined or ignored by Payless.

The import and export control and sanction laws are complex. Seek guidance from the Law department regarding any contract or transaction that might involve import/export control or economic sanctions concerns.

CODE OF ETHICS

COMMUNICATIONS WITH THE PUBLIC

Payless strives to communicate with the public in an accurate and consistent manner. This is normally accomplished through a press release. You are not authorized to speak on behalf of Payless regarding material events because doing so risks providing incorrect information or revealing proprietary strategy. Rather, to ensure compliance with the law and protect our business interests, do not speak to the public or the media on behalf of Payless without first obtaining authorization from the CEO or the Corporate Communication and Community Involvement department. You should also direct all such inquiries to the Corporate Communication and Community Involvement department.

This policy is not intended to “chill” an Associate’s rights under the National Labor Relations Act, including the right to raise issues concerning wages, hours, or other terms and conditions of employment.

GOVERNMENT PROCEEDINGS AND REQUESTS FOR INFORMATION

It is Company policy to cooperate with appropriate government requests for information and investigations. If asked to provide information (either written or verbally) on behalf of Payless related to matters outside the scope of your normal job duties, or if a government representative appears at the workplace for official business purposes, immediately notify your local Human Resources department or the Law department. Payless may request a subpoena prior to production of information in certain circumstances. All information provided should be truthful and accurate and you must not obstruct or impede the request. Do not alter, falsify, cover up, dispose of, or destroy any documents or records related to a government request or investigation.

REPORTING POLICY VIOLATIONS

It is important to promptly report any situation which may violate the law or Company policy – whether you are involved in the situation or not. It is generally advised that you first report a suspected violation to your supervisor. If this is not a viable option, report it to your supervisor’s manager, local Human Resources department, the Loss Prevention department, or the AlertLine.

We encourage you to provide full information and your name in order to facilitate a complete investigation. We may not be able to investigate some matters, such as allegations of sexual harassment, without such information. Do not, however, investigate a situation on your own. Investigations may involve complex legal issues and acting on one’s own may compromise the integrity of the investigation or adversely affect Payless and the Associate.

Call the AlertLine

The AlertLine is toll-free and may be contacted 24 hours a day, 7 days a week, and is equipped to handle all primary local languages. The operator will relay the information to the AlertLine office, and will provide you with a case number and call back date if desired. Calls are free, confidential and may be made anonymously. The AlertLine is staffed by an organization not affiliated with Payless, and to the extent possible (and in conformity with local law), callers may not have to give their name. In all cases, your privacy will be respected to the fullest extent possible under the law.

CODE OF ETHICS

U.S., Canada and Puerto Rico:

Dial 1-800-255-2465

For all other locations:

Dial the country specific AT&T international toll-free number on the last page of the Code.

Mail

Payless ShoeSource,, Inc. (Attn: Law department)
3231 S.E. 6th Avenue
Topeka, KS 66607

E-mail

AlertLine@payless.com

COMPANY RESPONSE & DISCIPLINARY ACTION

Reports or complaints are referred to the Human Resources, Loss Prevention, or Law department depending upon the nature and subject matter of the complaint, potential legal implications, or the individual(s) involved. Ethical or legal issues, complaints raising concerns about accounting practices, internal controls, and auditing matters, or violations of the Code are referred to designated members of the Human Resources, Finance, Loss Prevention and Law departments. Administrative issues (e.g. lost paychecks), compensation (e.g., salary, bonus, or overtime), e-mail abuse, poor management, and misconduct (e.g., discrimination, harassment, falsification of company records, or theft) are referred to the Human Resources and/or Loss Prevention departments. When appropriate, Payless will provide the Associate with the status of the investigation and the outcome.

Management, in consultation with the Human Resources and/or Law departments, will take appropriate corrective action, up to and including termination of employment, in connection with a violation of the Code. Conduct that may result in disciplinary action, up to and including termination, includes: (i) violation of the law or Company policy, including requesting others to do so; (ii) failure to report a suspected violation of Company policy; (iii) failure to effectively monitor compliance with Company policies and applicable law by subordinates; (iv) failure to cooperate in an investigation; or (v) retaliation against an Associate who makes a complaint or cooperates in an investigation.

NO RETALIATION

Payless will take no adverse action or retribution against an Associate for reporting, in good, faith any concerns or possible violations of the Code, Company policy, or the law.

INTERNATIONAL ALERTLINE CONTACT INFORMATION

Toll-free international dialing instructions:

1. Check that the phone from which you are dialing can handle international calls.

CODE OF ETHICS

2. If applicable, enter the AT&T Direct Access Code number from the country from which you are calling. Do not dial any other numbers. When you hear the voice message, or a series of tones, enter the second number. Do not press 1 or 0 before dialing unless indicated below. The call will be connected to the AlertLine.
3. In those countries without a Direct Access Code number, the contact phone number will connect you immediately to the AlertLine.

Country	Access Code	Contact phone number
Antigua	Access code not necessary	704-526-1105 (collect)
Australia	Access code not necessary	1-800-110-558
Barbados	Access code not necessary	704-552-8659 (collect)
Colombia	01-800-911-0011	866-490-3415
Costa Rica	Access code not necessary	0-800-011-1061
China	108-11	866-599-1807
Dominican Republic	Access code not necessary	1-888-596-4487
Ecuador	1-999-119 or 1-800-225-528	866-599-1825
El Salvador	800-1785 or 800-1288	866-599-1826
Grenada	Access code not necessary	704-526-1106 (collect)
Guatemala	999-9190 or 138-126	866-599-1828
Honduras	800-0123	866-714-1290
Hong Kong	800-93-2266	866-599-1807
India	Access code not necessary	000-800-100-1479
Indonesia	Access code not necessary	001-803-1-0083365
Jamaica	Access code not necessary	1-888-667-6793
Mexico	Access code not necessary	001-877-818-0754
Nicaragua	800-0164 or 1-800-0174	866-714-1295
Panama	Access code not necessary	001-800-442-9168
St. Lucia	Access code not necessary	704-526-1105
Taiwan	Access code not necessary	00801-10-4119
Thailand	Access code not necessary	001-800-11-002-2134
Trinidad & Tobago	Access code not necessary	1-800-311-2936
Vietnam	Access code not necessary	704-752-6215 (collect)