Conflicts of Interest Policy

	Department Owner:	Legal
	Policy No.:	POL-126 v.1
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I. PURPOSE

The purpose of this policy is to protect the interests of Vestis. In the regular course of business, agents and teammates of Vestis may have an opportunity to advance their own personal interests with or against the interests of Vestis. Acting in such a manner is unacceptable and any party who acts outside of Vestis's best interest may be subject to disciplinary action.

II. POLICY

It is Vestis's policy to prohibit actual, apparent or potential conflicts of interest unless such conflicts are specifically disclosed and approved as provided below.

It is essential that all Vestis employees (also referred to as "teammates" in this policy) avoid any situation or interest that might interfere with their judgment concerning their responsibilities to Vestis.

A conflict of interest exists if a Vestis teammate or a teammate's immediate family member is in a position through which he or she may derive a personal benefit from a transaction involving Vestis or in which a Vestis teammate's judgment may be influenced because of a financial or other relationship with a customer or supplier. Potential conflicts are not limited to just relationships with relatives or family members. Conflicts of interest may arise with anyone with whom you have a romantic relationship or other close personal relationship.

Immediate family members include a teammate's spouse, parents, children, siblings, mother-in-law, father-in-law, sons and daughters-in-law, brothers and sisters-in-law, domestic partner and anyone (other than a teammate) who shares the teammate's home.

A conflict of interest may arise, for example, when a teammate:

- has a financial interest that could affect his or her personal judgment;
- gains personal enrichment through access to confidential information; or
- misuses his or her position at Vestis in a way that results in personal gain.

A conflict of interest may arise when a teammate has a personal interest, direct or indirect, in any supplier or customer of Vestis. An indirect interest would arise, for example, if a teammate's immediate family member has an interest in a supplier or customer of Vestis.

A conflict of interest is simply a situation in which a Vestis teammate is or may be under conflicting pressures: the pressure to do what is best for Vestis on the one hand, and the pressure to do what is best for himself or herself or an immediate family member or friend, on the other hand.

Vestis has determined that once a teammate becomes involved in such a situation, he or she often does a disservice to himself or herself in order to benefit Vestis, and, occasionally, a teammate does a disservice to Vestis in order to benefit himself or herself. In order to evaluate whether a teammate is or may be subject to such conflicting pressures, the Business Conduct Policy requires that the teammate disclose any situation (including any related party situation, as described below) that may give rise to an apparent or actual conflict of interest.

If a teammate thinks that he or she may have a conflict of interest, or is aware of a potential conflict of interest others may have, the potential conflict must be disclosed to the Vestis Legal Department. Executive officers and directors should disclose any apparent or actual conflict of interest situation involving themselves to the Audit Committee of the Vestis Board of Directors. A determination will be made regarding whether the interest should be divested, or any other action should be taken.

Unless approval has been obtained (as described above), under normal circumstances, a teammate or any of his or her immediate family members may not acquire or hold a material interest in a business which is a Vestis supplier or customer, or which engages in any business in which Vestis is engaged. Under normal circumstances, an investment that is less than two percent (2%) of the outstanding shares of a corporation's stock and that is less than five percent (5%) of the teammate's net worth would not be considered a material interest, provided the stock is available to the general public on a recognized major international securities exchange. However, if the teammate is involved, directly or indirectly, in negotiations affecting such corporation and Vestis, in the selection of such corporation as a supplier, or in the oversight of the operations or performance of such corporation in its relationship with Vestis, then neither the teammate nor an immediate family member is permitted to purchase any stock of the corporation or any other form of ownership unless the corporation is included in the Standard and Poor's 500 Index or has a market capitalization of at least five billion dollars (U.S. $5,000,000,000). If the teammate or immediate family member already has an ownership position that would be precluded by the above requirements, the teammate should request that the Vestis Legal Department (for a director or executive officer, the Audit Committee of the Board of Directors) determine whether the teammate may remain involved in the negotiations, selection or oversight activities. Attention is also directed to the policy on "Insider Trading and Securities Transactions" for additional limitations in such situations.

Further, unless approval has been obtained, in the case of executive officers and directors, from the Audit Committee of the Vestis Board of Directors, and in the case of other teammates, from the General Counsel's office, Vestis teammates are not permitted to become partners in partnerships or other ventures that engage in significant business with Vestis or that were formed specifically for the purpose of engaging in a transaction with Vestis.

A conflict of interest also may arise when a Vestis teammate, acting in his or her Vestis capacity and representing Vestis, is on one side of a transaction and a "related party" is on the other side of the transaction. Related parties essentially are those parties who do not deal with one another at arm's length.

Related parties include the following:

- an organization of which the Vestis teammate is an officer or partner;
- an organization of which the Vestis teammate is the beneficial owner of ten percent (10%) or more;

- any trust in which the Vestis teammate has a substantial interest, or serves as trustee or in a similar fiduciary capacity; or
- any immediate family member, romantic partner, or close personal relation of the Vestis employee who may significantly influence or be influenced by a business transaction with an organization of which he or she is an officer, director or partner.

This policy addresses only those situations in which the involvement of a related party implicates a conflict of interest. A transaction in which a Vestis teammate is recommending, negotiating or contracting on behalf of Vestis with a person or entity that is a related party to him or her would constitute a conflict of interest. However, a situation in which the Vestis teammate who has the related party relationship is not directly or indirectly involved in recommending, negotiating or contracting with his or her related party would not constitute a conflict of interest.

If any teammate believes a related party transaction exists or might occur, full disclosure must be made in the same manner as is indicated under the general provisions on conflicts of interest set forth herein.

III. EXAMPLES: CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS[1]

The following are examples of conflicts of interest and related party situations. These examples are included for illustrative purposes only and do not constitute a complete list of such situations. If you have any doubt about a particular situation you encounter, ask for advice.

Example 1*: An Assistant General Manager (AGM) at a Vestis facility just bought a linen company that will supply linens and towels to restaurants and hotels in the same geographic area as the Vestis facility where the AGM works.*

Analysis: The linen company is substantially similar to Vestis's uniform business since Vestis also offers linen supplies and towels to its customers. A conflict of interest exists even though the AGM never engages in any actions that are improper or against the interests of Vestis and even though there may be no direct competition between the local Vestis facility's operations and the linen supply company.

A conflict of interest exists because the AGM may find a situation in which conflicting pressures might arise: pressure to do what is best for Vestis, on the one hand, and pressure to do what is best for the linen supply company on the other hand. For example, a supplier might offer preferential treatment for the linen supply company if the AGM causes Vestis to make purchases from the same supplier.

The AGM would also face conflicting pressures if the linen supply company and Vestis make purchases from a common supplier and, for perfectly good business reasons, either Vestis or the restaurant wants to change suppliers.

Finally, the linen supply company and Vestis facility may be recruiting for employees in the same labor market or patrons and suppliers might perceive that the linen supply company is a Vestis operation and have their decisions influenced by such perception.

Example 2*: A Vestis teammate's spouse purchases a company that provides building alarm and security systems and monitoring services that could supply an alarm system and monitoring services to a Vestis facility in which the Vestis teammate works. The Vestis teammate does not make the purchasing decisions directly but does have influence on the purchasing decisions.*

Analysis: Although there is nothing improper in the spouse's ownership of a security monitoring company, Vestis should not make purchases from it because the security monitoring company would be a related party, and such purchases could create a conflict of interest. Conflicting pressures may be placed on the teammate. On the one hand, potential sales to Vestis may be in the best interest of the security monitoring company; on the other hand, Vestis's interest may or may not be best served by purchasing from this particular security monitoring company.

If purchases were actually made from the security monitoring company, numerous questions would arise. At what price should the system and services be sold? How should return of substandard items be handled? What volume of services should be ordered? What should the payment terms be?

The conflict of interest cannot be avoided simply by selling to Vestis at a fair or favorable price. The conflict is inherent in the situation because of the spouse's interest in the security monitoring company. How could the security monitoring company establish that all the prices charged are fair? How often would the prices have to be monitored? Who should pay the costs of such cost monitoring?

There is no practical way to be sure that the situation will remain trouble-free if Vestis were to make such purchases.

Example 3*: A manager who is responsible for a Vestis facility purchases an equipment rental business together with a Vestis customer liaison. The business does not rent to Vestis and is not competitive with Vestis.*

Analysis: Here again, the problem is one of conflicting pressures. For example, if the manager must negotiate price relief or an extension of the term of the Vestis operating contract, the manager will be under conflicting pressures when dealing with the customer liaison. On the one hand, the manager must represent Vestis and get the maximum relief possible and perhaps even terminate the contract; on the other hand, tough negotiations may adversely affect the manager's relationship with the liaison. As a result, the joint personal investment may be adversely affected.

The manager should not place himself or herself in a position with the customer liaison that could be viewed by third parties to be less than arm's length. This perception, by itself, would be contrary to Vestis's best interest and is a situation that must be avoided.

Accordingly, Vestis's policy requires that all Vestis teammates avoid common investments with personnel of customers and suppliers.

Example 4*: A Vestis teammate has a one-third interest in a private investment group that owns an office building. Vestis and the investment group wish to enter into a lease for office space.*

Analysis: The investment group is a “related party” because of the teammate’s one-third ownership. The conflicting pressures on the teammate inherent in the lease transaction are easily identified. Should the rent be high or low? Should Vestis or the investment group pay for utilities? Should there be an option to extend the term? Should there be an option to purchase?

On the one hand, the teammate will want what is best for Vestis; on the other hand, the teammate also will want what is best for the investment group.

The policy decision that Vestis has made is that such situations should be avoided wherever possible.

Example 5*: A group of Vestis teammates participates on a task force to select a software company to supply Vestis with a specialized human resources information system, which would be developed and modified by the software company to meet Vestis’s needs. After an analysis of the company’s abilities and negotiations take place, some members of the task force think that the software company’s common stock would be a good personal investment. The software company has a market capitalization of less than $5,000,000,000 and its common stock is traded on NASDAQ. During the selection process, each member of the Vestis task force meets with the senior officers of the software company and learns about the company and its prospects.*

Analysis: Under Vestis’s Conflicts of Interest Policy, because the software company does not have a market capitalization of at least $5,000,000,000, it would be a violation of the Business Conduct Policy for any Vestis teammate on the task force to purchase stock in the software company. That person’s judgment as to whether the software company and its product would be the best for Vestis’s interests may be influenced by his or her own financial interest in the company. In addition, if the software company did not perform as required under its contract with Vestis, there would be conflicting interests in unwinding the transaction with the least possible detriment to Vestis. Also, should any of the members of the Vestis task force purchase stock in the software company, he or she may violate securities laws as well as the Business Conduct Policy.

Therefore, members of the task force, their immediate families and any members of Vestis management responsible for the final supplier selection should not purchase any stock of the software company either during negotiation or after a contract is signed. See also the policy on “Insider Trading and Securities Transactions.”

***Example 6**: Vestis's Purchasing Department is negotiating a new contract with a major equipment manufacturing company whose stock is included in the Standard and Poor's 500 Index.*

Analysis: Under Vestis's Conflicts of Interest Policy, because the stock is included in the Standard and Poor's 500 Index, members of the department involved in negotiating that contract and their immediate families and any other teammates with knowledge of the negotiations may own stock in the floor mat manufacturing company during negotiations and during the term of the contract, as long as their ownership complies with the materiality limits in this policy. See also the policy on "Insider Trading and Securities Transactions."

Any violation of this policy could result in disciplinary action from the Company, up to and including termination of employment or other appropriate legal action.

This policy is periodically reviewed and updated as appropriate.

Please contact the Vestis Legal Department at Legal@Vestis.com if you have any questions.