

CLEARFIELD, INC.
CODE OF ETHICS AND
BUSINESS CONDUCT

INTRODUCTION

Our Commitment

We are committed to conducting our business lawfully and ethically. We promote a culture in which our values are clearly visible to all and our actions are uncompromised. We believe it is essential for each of our directors, officers, employees and other representatives to act at all times with honesty and propriety, to exercise good judgment and to conduct business in a manner that such action can be supported without reservation or apology.

The Code

It is not possible to develop a detailed set of rules, policies or procedures that cover all circumstances. The best guidelines are individual integrity, common sense and compliance with law. This Code of Business Conduct and Ethics Policy (the “Code”) provides a basic guide to assist our management, employees and others acting on our behalf in understanding their responsibilities.

Applicability of Code

This Code applies to each of our directors, officers, employees and other representatives such as contractors. We will inform our business partners such as vendors and distributors, of the provisions and principles of this Code.

This Code also constitutes a code of ethics for our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, as contemplated by rules promulgated under the Securities Exchange Act of 1934.

OUR RESPONSIBILITIES FOR HONEST BUSINESS

Ethical Conduct

Our reputation throughout the world for legal and ethical behavior is one of our most valuable assets. We are all responsible for safeguarding this important asset.

We have a policy of strict compliance with all laws, whether federal, state, local or foreign. The highest standards of moral and ethical behavior are essential to maintaining our good reputation. We do not tolerate unethical or dishonest conduct.

Conflicts of Interest

We are committed to avoid influences, interests or relationships that might adversely affect our business or distort our business judgment. Business decisions are based upon the best interests of our company.

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While it is not possible to develop a comprehensive set of rules covering all circumstances, the following are examples of activities which could be considered a conflict of interest if undertaken by directors, officers, employees and other representatives or members of their household:

- Owning a substantial interest in any competing business or in any outside concern that does business with us;
- Providing services as a director, manager, consultant, employee or independent contractor to any outside concern that does business with us or is in a competing business;
- Engaging in any outside employment which is in conflict with an essential business-related interest or that requires significant time, attention or energy;
- Accepting gifts (other than gifts of nominal value), favors, compensation, loans, excessive entertainment or other similar activities from our competitors or from any other company or person that does business or seeks to do business with us;
- Representing us in any transaction with a person or organization in which directors, officers, employees and other representatives or members of their household have a direct or indirect personal interest or may derive a benefit;
- Competing directly or indirectly with us in the design, manufacture, marketing, purchase or sale of products or property rights or interests; or
- Taking advantage of any business opportunity which would rightfully belong to us.

Directors, officers, employees and other representatives or members of their household may not engage in a transaction, activity or relationship that would constitute a conflict of interest unless our informed and written consent is obtained prior to the transaction, activity or relationship.

In certain circumstances, conflict of interest may also arise through using or revealing (without proper authorization) any confidential product information, confidential financial information or other confidential information concerning our plans, decisions or activities, including information which is not available to the general public and which could be considered of some importance in a decision whether to buy or sell our stock or stock of our business partners.

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These activities are covered more specifically in the sections of this Code entitled “*Confidential Information*” and “*Insider Trading*” sections of this Code. All persons subject to this Code must inform us and obtain our consent to enter into any transaction, activity or relationship that is a conflict of interest, even that transaction, activity or relationship is covered by another portion of this Code that does not require this process.

If you have any doubt as to whether a transaction, activity or relationship is a conflict of interest, you should contact the person designated to answer questions regarding this Code prior to entering into the transaction, activity or relationship.

Undue Influence or Bribery

It is illegal to pay or receive a bribe intended to influence business conduct. Use of Clearfield funds or property to bribe or unduly influence any decision by a director, officer, employee or agent of another company or any governmental employee or official is strictly prohibited.

Gifts

Acceptance of gifts, offers of travel, or unusual hospitality from any person or organization in connection with any transaction with us is not permitted. It is permissible to receive unsolicited gifts of nominal value or customary hospitality from persons or entities doing business with us when it is clear that no intent is being made to influence or obligate may be allowed.

Business courtesies such as meals, transportation and entertainment shall be modest in amount and related to a legitimate purpose. No director, officer or employee may provide entertainment, meals or gratuities to any customer or other business associate (or group thereof) of more than nominal value, or give any gift to such a person or group, without first obtaining written approval from us. No business courtesies may be given if there is an explicit or implicit understanding that a person will use or purchase our products.

Company Resources

Our telephones, email and mail service should be used only for Company business. Personal telephone calls and email should be limited. Receipt of personal correspondence at our business address is not permitted. All Company assets should be used for legitimate business purposes.

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OUR RESPONSIBILITIES IN OUR MARKETPLACE

*Fair Competition and
Antitrust*

The primary antitrust concerns in our segment of the industry lie in the communications with our competitors and with our customers. Our competitors include anyone in our geographic markets manufacturing or selling the same or similar products that we manufacture or sell. Our customers are companies that purchase our products.

We are required to comply with antitrust and unfair competition laws. These laws are complex and vary considerably from country to country. The following activities are generally prohibited under these laws:

- Agreements with competitors that harm customers, including price fixing and allocations of customers or contracts.
- Agreements that unduly limit a customer's ability to sell a product, including establishing the resale price of a product or service, or conditioning the sale of products on an agreement to buy other of our products and services.
- Attempts to monopolize, including pricing a product below cost in order to eliminate competition.
- Use of theft, deceit, or subterfuge in order to obtain information.
- Engaging in illegal kickbacks, tying, refusals to deal, price discrimination or other illegal competitive practices.

Employees may not discuss information with our competitors or customers relating to such subjects as projected sales for any specific product or service, revenues or expenses, unannounced products and services, pricing strategies, personnel situations and other proprietary information.

Questions whether particular conduct is appropriate, should be addressed to management.

Sales and Marketing

Our goal is to build long-term relationships with our customers by demonstrating honesty and integrity. Our marketing and advertising will be accurate and truthful. Deliberately misleading messages, omissions of important fact, or false claims about our competitors' offerings are never acceptable.

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Product Quality and Safety Compliance with our quality processes and safety requirements is essential to maintain our valuable reputation. We damage our reputation when we ship products or deliver services that fail to live up to our standards.

OUR RESPONSIBILITIES TO EMPLOYEES

Respect Our employees make a difference in our performance as a company. Without dedicated employees, we would be unable to serve our customers. We expect and require compliance with all requirements of applicable labor laws – including those regarding occupational health and safety, equal employment opportunity, sexual harassment, rates of pay and overtime.

Equal Opportunity We are an equal opportunity employer. We are committed to providing a work environment that is free from discrimination and harassment prohibited by law, whether verbal, physical or visual.

Safety We are committed to complying with Occupational Safety and Health Administration Requirements (OSHA) requirements to provide a safe and healthy work environment. We will promptly correct any safety problems in the workplace. Employees are expected to report all accidents to the appropriate supervisors or management, no matter how slight.

OUR RESPONSIBILITY FOR COMPANY INFORMATION

Confidential Information Our success depends upon our ability to maintain certain information in confidence. That information includes any non-public information relating to us or our business, our customers and suppliers, or anyone else who receives information as part of a business relationship. Non-public information about past results and anticipated future plans should be protected. Confidential information should not be disclosed to anyone outside of our company or to anyone inside our company who does not have a need to know that information.

We must protect customer information that is sensitive, private or confidential just as carefully as our own. Only those who have a need to know should have access to confidential information of our customers.

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Our employees are expected to cooperate with reasonable requests for information from government agencies and regulators, and to consult with management before responding to any requests from government agencies and regulators. All information provided must be truthful and accurate.

*Disclosure of Corporate
News and Information*

Our financial information may not be released to anyone unless it is included in a published report or press release, or otherwise made generally available to the public. You should never discuss our business (especially our confidential information) or customer information with representatives of the media or in any other public forum, which includes any website, through social media or blogs.

Questions concerning the disclosure of confidential information should be referred to the appropriate corporate officers. Also, all media inquiries or requests for information from financial analysts or our shareholders should be referred to the appropriate corporate officers.

Insider Trading

We have adopted a formal policy relating specifically to insider trading, a copy of which is available upon request. As described in that policy, purchases or sales of our securities (or the securities of our customers or suppliers) are prohibited for anyone who is in possession of material information which has not been disclosed to the general public. This rule also applies to family members. Violation of this policy is also a violation of the law and may result in significant civil and criminal penalties.

Disclosure of material inside information to others who then trade in securities is also prohibited as described in the policy. The potential civil and criminal penalties apply to those who trade on the basis of the “tipped” information as well as those responsible for supplying information (even if the tipped information is received from, and supplied to, persons outside of our company).

Our directors and executive officers must comply with additional requirements when trading in our securities. Those requirements include the avoidance of “short swing” trading and the filing of periodic reports relating to their trading activities.

There are no exceptions to this policy and violations may result in serious criminal and civil penalties, in addition to disciplinary action up to and including termination.

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OUR RESPONSIBILITIES FOR ACCURATE BOOKKEEPING

*Accurate Records and
Financial Statements*

Company books and records shall be properly maintained and shall accurately reflect all transactions. No undisclosed or unrecorded funds or assets shall be established for any purpose. All contracts under which funds are disbursed shall accurately state the purposes for which these funds are paid and shall not be misleading. Our financial statements and other disclosures shall be full, fair, accurate, timely and understandable.

*Foreign Corrupt Practices
Act Requirements*

We are subject to the Foreign Corrupt Practices Act of 1977 (the “FCPA”). Our policy is to strictly comply with the provisions of the FCPA, which establishes certain accounting requirements and prohibits the bribery of foreign governmental officials.

Through the FCPA, we are subject to two interrelated accounting requirements. First, the FCPA requires that we maintain books, records and accounts which fairly and accurately reflect our transactions and dispositions of assets in reasonable detail. This requirement is designed to improve the accuracy of our financial records and the audits that represent the cornerstone of our financial disclosures. Second, the FCPA requires that we devise and maintain a system of internal accounting controls that are sufficient enough to provide reasonable assurances that our bookkeeping and accounting objectives will be attained.

The FCPA also prohibits us from directly or indirectly giving anything of value to foreign government officials, foreign political parties, candidates for political office, or any person where the payment will inure to the benefit of any of the above parties for the purpose of obtaining special treatment from a foreign government official, even if the payment is requested by that person or organization.

Records Retention

Records should always be retained and destroyed according to the Company’s record retention policies. Please consult management of the Audit Committee of the Board of Directors in the event of questions as to the retention policy. Never alter or destroy documents or records in response to an investigation or other lawful request.

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OUR RESPONSIBILITIES FOR OUR INTELLECTUAL PROPERTY

*Protection of Our
Intellectual Property*

We protect our intellectual property by seeking patent, copyright or trade secret protection and by taking appropriate steps to protect our patents, copyrights, trademarks, trade secrets and other proprietary information. Our patents, copyrights, trademarks and other proprietary rights represent valuable corporate assets.

*Intellectual Property
and Your Employment*

Any inventions, designs, discoveries, ideas, concepts, works of authorship and trade secrets created during the employment relationship – or which arise out of an employee’s work or are created using an employer’s time, materials or assets – are owned by the employer. You are expected to cooperate with us in documenting our ownership of all intellectual property developed by you during your employment with us.

*Intellectual Property Rights
of Others*

The proprietary rights of others must be respected. You may not engage in industrial espionage or acquire information about other companies or their products and technology through improper means. All disclosures of confidential information or trade secrets of another company or person should be received under the terms of a written agreement between us and the other company or person that spells out our obligations and rights with respect to the use and protection of the information.

YOUR RESPONSIBILITY IN YOUR COMMUNITIES

Personal Conduct

The success of our business depends on building trust with our customers and the public. This trust is built by personal conduct of our employees, officers and directors. Business and personal affairs should be conducted in such a way as to avoid discredit or embarrassment to our company. Customers and co-workers should be treated with respect and courtesy, whether or not “on the job.”

Political Activities

It is important for citizens to take an active interest in political and governmental affairs. However, participation in political activities must be as a private citizen and not in the capacity as a representative of our company. Contributions to particular candidates or ballot propositions are personal and may not be a condition of employment. We also have a right to political expression on issues and may express ourselves through political contributions that are not prohibited by law.

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OUR RESPONSIBILITIES FOR ENFORCEMENT AND ACCOUNTABILITY

*Enforcement and
Accountability*

Violation of the principles of the Code or applicable policies and procedures by any of our directors, officers or employees (or their immediate family members, to the extent applicable) will result in disciplinary action, up to and including discharge of an employee and for directors, may be the basis for removal from the Board. Violation of the Code by any business partner may result in termination of an agreement with that business partner. In some cases, violation of the Code may also be a violation of civil or criminal law and any disciplinary action by us would be in addition to any governmental civil or criminal penalties.

Waivers of, or any required consent under, any provision of the Code must be made in writing. In the case of non-executive officer employees, the requests should be made to an immediate supervisor. In the case of our executive officers or directors, requests for waivers or required consents must be made to the our Audit Committee.

Reporting Violations

We have adopted the Clearfield, Inc. Whistleblower Policy that governs the investigation and reporting of suspected improper activities, including violations of this Code. We have also designated our Audit Committee to receive confidential, anonymous submissions regarding questionable accounting or auditing practices and all employees will be notified as to how to submit these types of concerns confidentially and anonymously.

If you believe that you have discovered a possible violation of the letter or intent of this Code, please follow the procedures set forth in our Whistleblower Policy or contact the person designated to answer questions regarding this Code. It is the responsibility of every person subject to this Code to promptly bring violations and suspected violations of this Code to our attention.

Employees at all levels are prohibited from retaliating against or threatening anyone for reporting or supplying information about a violation or suspected violation of this Code.

*Who to Contact with
Questions*

If you have questions or concerns relating to the Code, please contact:

Chief Financial Officer
7050 Winnetka Avenue N., Suite 100
Brooklyn Park, MN 55428
Telephone: (763) 476-6866