



The CATO Corporation

IMPORTANT NOTICE

December 15, 2008

TO: **All Merchandise Vendors (Cato and It's Fashion Divisions)**

RE: Cato Code of Conduct

The Cato Corporation is committed to conducting business in a socially responsible manner. To this end, we require our vendors and their employees, agents, contractors and factories to comply with the Cato Code of Conduct.

All vendors must certify that they are in compliance with Cato's Code of Conduct by reviewing the attached code, signing this letter and faxing it back to the Assistant Buyer setting up the account. **Cato may not conduct business with any vendor that fails to sign and return this letter.**

If you have any questions, please contact the Quality Assurance department at (704) 940-7883 or email qadepartment@catocorp.com.

Your continued cooperation is appreciated.

Sincerely,

John R. Howe
Executive Vice President
Chief Financial Officer

AS AN AUTHORIZED REPRESENTATIVE OF MY COMPANY, I ACKNOWLEDGE RECEIPT AND COMPLIANCE WITH THE CATO CORPORATION'S VENDOR CODE OF CONDUCT.

Company Name

Name (print)/ Title

Signature

Date

P.O. Box 34216
Charlotte, NC 28234
(704) 554-8510

The CATO Corporation is committed to conducting business in a socially responsible manner. To fulfill this commitment, we require all vendors to acknowledge and comply with the Code of Conduct detailed below, which CATO may revise from time to time as it deems appropriate. This Code of Conduct extends to your employees, agents, contractors, factories and any other third party acting on your behalf, and all vendors must notify the same of their mandatory compliance.

CODE OF CONDUCT

- **Child Labor-** A factory engaged to manufacture CATO merchandise will not hire any worker under the minimum age established by local law or age 14, whichever is older. A factory will comply with applicable local laws, codes, rules and regulations.
- **Wages and Benefits-** A factory engaged to manufacture CATO merchandise will offer compensation (i.e., wages and other benefits) that meets or exceeds minimum local requirements.
- **Working Hours-** A factory engaged to manufacture CATO merchandise will maintain reasonable work hours in accordance with local labor laws.
- **No Forced Labor-** A factory engaged to manufacture CATO merchandise will not use prison, convict, forced or indentured labor.
- **Health and Safety-** A factory engaged to manufacture CATO merchandise will provide all employees with safe and healthy work conditions and dormitory facilities (where required).
- **No Harassment-** A factory engaged to manufacture CATO merchandise will promote an environment of dignity and respect, free from abuse or harassment of workers.
- **Freedom of Association-** A factory engaged to manufacture CATO merchandise will recognize and respect lawful rights of freedom of association and the right of employees to seek or not to seek representation by an outside third party for purposes of collective bargaining under local law.
- **Country of Origin-** All merchandise must be accurately marked or labeled with the country of origin in compliance with U.S. laws and those of the country of origin. In addition, CATO vendors shall not (a) produce merchandise whose country of origin has been deemed unacceptable by the U.S. Customs, or (b) engage in the transshipment or mislabeling of goods as to fiber content, care instructions or otherwise.
- **Environment-** CATO requires vendors to share its commitment to protect and preserve the environment. This includes compliance with all applicable local, U.S. and international environmental laws, rules, regulations and standards, as modified or amended from time to time.

▪ **Contractual and Legal Requirements-** CATO requires vendors to comply with all contractual and legal requirements relevant to their respective business, including, without limitation, CATO's Code of Conduct, CPSC mandated testing/certificates and the terms of all CATO purchase orders.

▪ **Ethical Standards-** Bribes, kickbacks or similar unlawful or improper payments, in cash or kind, are strictly prohibited, whether given to obtain or retain business or for any other purpose.

▪ **Compliance-** CATO may from time to time monitor compliance with its Code of Conduct and its Purchase Orders by any method it deems appropriate (e.g., random factory visits, factory evaluations, etcetera). If CATO or its authorized agent determines that a vendor is in violation of this Code of Conduct, CATO and/or authorized agent may cancel the affected order, prohibit use of the factory in question or terminate the principal's business relationship with that vendor, or take any other action it deems appropriate. This may be in addition to the exercise of any other rights and remedies to which CATO is entitled.