Federal Signal Corporation

Standard Policies and Practices

SPP No.
1.0.3

IMPROPER PAYMENTS

I. PURPOSE

To state Company policy that Federal Signal Corporation and its subsidiaries (the "Company") strictly prohibit improper payments, both to public and private parties.

II. SCOPE

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

III. DEFINITION OF IMPROPER PAYMENTS

Prohibited improper payments include the following Company payments (which include all forms of payment, such as cash, gift cards, etc.):

A. Not recorded in a fair manner on the books of the Company with the effect of disguising the true nature of the payments.

B. To or for the benefit of any government or its employees, officials or agents, or to any customer's employees, officers or other representatives, with the purpose of obtaining business, or any special benefit, for the Company. Refer to Section IV.N. of SPP 1.0.2 for guidance on permitted gift giving to any person or entity with whom we do business.

C. To any agent, representative, consultant or distributor with the understanding that all or a portion of such payments was to be used by the recipient to or for the benefit of any private customer or its employees, officers or other representatives, or to any government or its employees, officials or agents, with the purpose of obtaining business or any special benefit for the Company.

D. To any person who is an official of any government or its instrumentality for the purpose of inducing such official to fail to perform the official's governmental functions.

E. To any person holding office, political candidate, ballot issue, committee for a candidate or any other political committee, political party, or any person on their behalf. Note there is an exception to this rule for state political candidates, see S.P.P. 1.0.2 Section IV.O.

F. To a payee other than the party to whom the payment is owed. The purpose of this policy is to prevent the diversion of payments to an individual instead of the legitimate payee. Exceptions to this requirement may be authorized in writing by the Corporate Controller.

F. Of any fees or commissions paid to consultants or agents which substantially exceed a reasonable rate for such services. Note that compliance with S.P.P. 6.1.5 is also required.

G. Payments to non-contracted parties and payments to other countries as described below:

1. No payments of any kind (whether commissions, promotional expenses, personal expenses, free goods or whatever) shall be made to a third party (including an unaffiliated distributor or sales agent or employee or agent thereof) in any country other than that in which the sales were made or in which the third party has a substantial place of business.

2. No payments of any kind as mentioned in 1. above should be paid to a third party other than the contracted third party, even within the same country, without prior approval of the Corporate Controller.

3. No payment shall be approved or made with the agreement or understanding that any part of such payment is to be used for any purpose other than that described by documents supporting the payment.

IV. APPLICABILITY

All individuals, including outside representatives of the Company. Key employees and certain outside representatives of the Company will be asked about their knowledge of any improper payments as part of the Company's business conduct questionnaire (see S.P.P. 1.0.2).