

**DESTINATION MATERNITY CORPORATION**  
**CODE OF BUSINESS CONDUCT AND ETHICS**

**I. INTRODUCTION**

This Code of Business Conduct and Ethics (the "Code") covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide directors, officers and employees of Destination Maternity Corporation (the "Company"). The Company is committed to the highest standards of business conduct in our relationships with each other and with our customers, suppliers and others. All of our directors, officers and employees must conduct themselves accordingly and seek to avoid even the appearance of improper behavior.

If a law conflicts with a policy in this Code, you must comply with the law; however, if a local custom or policy conflicts with this Code, you must comply with the Code. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

This Code will be strictly enforced. All managers and supervisors are required to enforce this policy and are not permitted to sanction or condone violations. There will be serious adverse consequences for non-adherence to the Code, which may include removal from a position as director or officer, and dismissal as an employee of the Company. If you are in a situation which you believe may violate or lead to a violation of this Code, you should follow the procedures described in Sections 16-18 of this Code.

**1. Compliance with Laws**

Obeying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. All directors, officers and employees must obey the laws

of the cities, states and countries in which we operate. Although not all employees are expected to know the details of these laws, it is important to understand the major laws and regulations that apply to their work and to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

## **2. Ethical Conduct**

Beyond compliance with laws, the Company requires that all its directors, officers and employees act in a manner, which meets the highest standards of ethical behavior. This includes the obligation to avoid any actual or apparent conflicts of interest in personal and professional relationships. The honesty and integrity of the Company's business conduct must not be compromised. The Company will not condone ethical violations for the sake of personal gain, personal advantage, expediency or perceived business advantage.

## **3. Accounting, Auditing Matters and Public Disclosure Obligations**

The Company's requirement that directors, officers and employees follow the highest ethical standards applies directly to all actions, which involve business accounting, financial reporting, internal accounting controls, auditing matters and public disclosure obligations. Full, fair, accurate, timely and understandable disclosure is required in all reports and documents that the Company files with, or submits to, the Securities Exchange Commission (the "SEC") and in any other public communications.

The Audit Committee of the Company has adopted special procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. These procedures are set out in Sections 17 and 18 of this Code.

## **4. Conflicts of Interest**

Any direct or indirect conflict of interest between the Company and any director, officer or employee is prohibited unless otherwise consented to by the Company. The Company

believes that it is in its best interests and is consistent with the obligations of directors, officers and employees to the Company to establish a policy that all business decisions will reflect independent judgment and discretion, uninfluenced by any considerations other than those honestly believed to be in the best interests of the Company and its shareholders. Any decision will be deemed to be in conflict with the interests of the Company if, in the course of affiliation with the Company, the judgment and discretion of a director, officer or employee is or may be influenced by considerations of personal gain or benefit, or gain or benefit to a third party, whether or not affiliated with the director, officer or employee. The divided loyalty that is present when a director, officer or employee has a conflict of interest could potentially lead to serious problems for the Company and could be grounds for disciplinary action or termination by the Company.

It is not possible to describe every situation or occurrence that could lead to an actual or apparent conflict of interest between a director, officer or employee and the Company. If a director, officer or employee is in doubt, he or she should consult the Company's General Counsel (the "General Counsel") for guidance and, if necessary, consent to entering into the arrangement in question. In the event that the General Counsel perceives the potential for an actual or apparent conflict of interest involving the General Counsel, the General Counsel will consult with either the Company's Chief Executive Officer or Chief Financial Officer for such guidance and consent.

The following events are intended to describe, by way of example, situations that could occur that could lead to a conflict of interest with the Company:

- Direct Relationships with Customers, Suppliers or Competitors: When a director, officer or employee of the Company has a financial or other interest or participation in a company that competes with the Company, or which is a customer or supplier of the Company, such interest or participation may give rise to an appearance of a conflict of interest

between such director, officer or employee and the Company. Participation includes, but is not limited to, outside employment or board memberships with competitors, customers, or suppliers of the Company, or any other business arrangement with such parties. Accordingly, prior to obtaining such financial and other interests and participations in customers, suppliers and competitors of the Company, directors, officers, and employees of the Company must report to the General Counsel their intention to obtain such interests or participations. The General Counsel will determine whether obtaining such interest or participation gives rise to an actual conflict of interest or the appearance of a conflict of interest, in which event the director, officer or employee may not obtain such interest or participation without prior written approval from the General Counsel, and in certain cases, the Audit Committee. However, it is not typically considered a conflict of interest (and, therefore, prior notification to, and written approval of, the General Counsel is not required) to make or hold investments in mutual funds or similar vehicles that may hold securities of competitors, customers or suppliers or to make or hold investments of less than 1% of outstanding securities of competitors, customers or suppliers that are listed on a national or international securities exchange.

- Indirect Relationships with Customers, Suppliers or Competitors: A conflict of interest can also arise because of the business activities of an affiliate or related party of a director, officer or employee. The term related party includes close family members and family members who live in the same household as a director, officer or employee. A director, officer or employee has a potential conflict of interest whenever his or her affiliate or related party has a significant direct or indirect interest in a transaction or a significant direct or indirect relationship with any customer, supplier or competitor of the Company. The director, officer or employee should not make or influence any decision which could directly or indirectly benefit his or her affiliate or related party and, in order to protect the director, officer or employee and the Company from an actual conflict of interest or the appearance of a conflict of interest, prior to the commencement of any business relationship or proposed business transaction between the Company and any entity in which an affiliate or related party of any director, officer or employee has a substantial direct or indirect interest and from which such person might derive a benefit, or at which a related party is employed, such proposed relationship or transaction must be reported to the General Counsel. The General Counsel will determine whether any such relationship gives rise to an actual conflict of interest or the appearance of a conflict of interest, in which event such relationship may not be entered into without prior written approval from the General Counsel, and in certain cases, the Audit Committee. For purposes of this paragraph, having a “significant direct or indirect interest” shall not include making or holding investments in mutual funds or similar vehicles that may hold securities of competitors, customers or suppliers or making or holding investments of less than 1%

of outstanding securities of competitors, customers or suppliers that are listed on a national or international securities exchange.

- Gifts and Entertainment: A director, officer or employee will not solicit, accept or retain gifts from competitors or from anyone having or seeking business with the Company except as provided for herein. Acceptance and or retention of the following are permissible and not considered a violation of the foregoing: (1) business-related entertainment (i.e., a sporting or cultural event) or business meals, and for such purpose, business meals are defined as meals with representatives of vendors or other companies with which the Company does business, if business is conducted at the meal; (2) personal, non-monetary gifts worth less than \$50.00; (3) gift baskets that are shared with the entire department; (4) paid trips and/or accommodations in connection with Company business if approved in advance by the General Counsel or a named executive officer of the Company; and (5) other non-monetary items or actions which are approved in advance by the General Counsel or a named executive officer of the Company. Notwithstanding the foregoing, any attempt to influence any transactions by the Company, including, without limitation, purchases from a vendor or sales to a wholesale or retail customer, through the solicitation, receipt or offer of gifts, gratuities, bribes or "kick-backs" in any form, whether in cash or otherwise, are strictly prohibited and, if discovered, must be reported to the General Counsel.
- Participation in Business-Related Functions: A director, officer or employee may participate in business-related functions, subject to the section above captioned "Gifts and Entertainment." However, each director, officer or employee should exercise care to ensure that such functions are necessary and related to the conduct of business on behalf of the Company. A conflict of interest may arise if an employee's participation in business activities other than for the Company, whether on a part-time or other basis, could interfere with his or her ability to devote proper time and attention to his or her employment with the Company. Employees must obtain prior written approval from the General Counsel before participating or engaging in business activities outside their employment with the Company.
- Non-Business Activities: Participation by an officer or employee in the activities of a trade association, professional society, charitable institution or governmental institution, on a non-compensated basis, or holding a part-time public office (with or without compensation) will not generally create a conflict of interest in violation of this Code, as long as such activities do not interfere with the employee's ability to devote proper time and attention to his or her employment with the Company. However, if any officer or employee is unsure of his or her particular situation, the General Counsel should be consulted.

- Personal Use of Company Property and Company Information: It is against Company policy for any director, officer or employee to use or divert Company property, including services of other employees, for his or her own advantage or benefit, or to use Company letterhead when writing personal correspondence. Company vehicles may be used in accordance with the Company's policy on such vehicles.
- Business Arrangements with the Company: Without prior written approval from the General Counsel, directors, officers or employees may not participate in joint venture, partnership or other business arrangement with the Company.

## 5. **Insider Trading**

Directors, officers and employees who have access to material confidential information are not permitted to use or share that information for securities trading purposes or for any other purpose except the conduct of the Company's business and in strict conformity with all applicable laws, SEC regulations, and the Company's insider trading policy. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to "tip" (i.e., disclose material non-public information) others who might make an investment decision on the basis of this information is not only unethical but also is illegal. If you have any questions, please consult the General Counsel.

All directors, executive officers, and senior management are referred to the "Insider Trading Policy." All directors, executive officers, and senior management must be familiar with and follow this policy.

## 6. **Corporate Opportunities**

All directors are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Directors. No director, officer or employee may use Company property, information or position for improper personal gain or compete with the Company either directly or indirectly.

Directors, officers and employees owe a duty to the Company to advance the Company's legitimate interests when the opportunity to do so arises.

#### **7. Competition and Fair Dealing**

The Company seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited. Each employee should endeavor to respect the rights of and to deal fairly with the Company's customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional act or practice.

The purpose of providing business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers or suppliers. Employees should discuss with their supervisor or manager any gifts they propose to give to anyone having any business relationship with the Company, which they are not certain are appropriate.

#### **8. Discrimination, Harassment and Retaliation**

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate discrimination, harassment or retaliation. The Company's policy against discrimination applies to any legally protected status, including race, color, gender, religion, national origin, disability, veteran status and age. This policy also prohibits discrimination against any person who provides information to a federal regulatory or law enforcement agency, a member of Congress or any

committee of Congress or to a supervisor concerning conduct which the employee reasonably believes constitutes a violation of securities laws or any provision of federal law relating to fraud against shareholders. The Company also prohibits discriminatory harassment of any employee covered by the policy against discrimination.

No director, officer or employee may retaliate against an individual for bringing a complaint of discrimination or for participating in an investigation or proceeding involving a complaint of discrimination.

No one may take any action harmful to any person for providing to a law enforcement officer any truthful information relating to the commission or possible commission of any federal offense.

#### **9. Health and Safety**

The Company strives to provide each employee with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe conditions.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated. Consumption of alcohol on Company property is only permitted during Company-sponsored events at which such activities have been approved by the Company.

#### **10. Record-Keeping**

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported.



Many employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor or your controller.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform to applicable legal requirements, generally accepted accounting principles and the Company's system of internal controls. Further, it is prohibited under federal law and Company policy to fraudulently influence, coerce, manipulate or mislead the Company's independent public accountants for the purpose of rendering the Company's financial statements materially misleading. Full, fair, accurate, timely and understandable disclosure is required in all reports and documents that the Company files with, or submits to, the SEC and in any other public communications.

Business records and communications often become public and directors, officers and employees should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please consult the General Counsel.

#### **11. Confidentiality**

Employees must maintain the confidentiality of the information entrusted to them by the Company or its customers, except when disclosure is authorized by the President and Chief Executive Officer, a Senior Vice President, the General Counsel, or required by law. Confidential information includes all non-public information that might be of use to competitors or harmful to the Company or its customers, if disclosed. It also includes information that

suppliers and customers have entrusted to us and even includes the identities of our trading partners. The obligation to preserve confidential information continues even after employment ends.

## **12. Protection and Proper Use of Company Assets**

All employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported to appropriate management personnel for investigation.

The obligation of employees to protect the Company's assets includes the Company's proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing, product development and service plans, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

## **13. Payments to Government Personnel**

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country. In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The General Counsel can provide guidance to you in this area.

#### 14. **Political Contributions**

A corporation is prohibited from making a political contribution to any candidate for federal office. In addition, virtually every state either limits or prohibits the making of political contributions by a corporation to a state or local candidate or political party. If any of the Company's customers request that the Company make a political contribution, it is essential that prior approval is given by the General Counsel before any contribution is made. Under no circumstances shall the Company make a political contribution to any federal candidates.

#### 15. **Waivers of the Code of Business Conduct and Ethics**

Any waiver of this Code for executive officers or directors may be made only by the Board of Directors and any waiver of this Code with respect to any employee, officer or director will be promptly disclosed as required by law or Nasdaq rules. In this regard, a waiver includes a decision by the Board of Directors to forego any sanction or disciplinary action upon a determination that a material provision of this Code has been violated, and with respect to officers and directors, also includes an implicit waiver, whereby the Board of Directors fails to take action within a reasonable period of time regarding a material departure from a provision of this Code that has been made known to an executive officer.

#### 16. **Personal Responsibility**

It is essential that the Company ensures prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Since directors, officers and employees cannot anticipate every situation that will arise, it is important to have guidelines on how to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.

- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. If you believe that it is not appropriate to discuss an issue with your supervisor, or you do not feel comfortable approaching your supervisor with your question, discuss it with Human Resources. If that also is not appropriate, call our General Counsel. Loss prevention matters should be reported to the Company's Loss Prevention department.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.

The Company recognizes the potentially serious impact of a violation of this Code. Each employee, director, and officer of the Company is expected as part of the ethical standards required by this Code to immediately report to the General Counsel any situation that such employee, director, or officer reasonably believes to be a material violation of this Code. Failure by an employee, director, or officer to report to the General Counsel such a situation itself is an ethical violation of this Code. Any employee, director, or officer who fails to make a complaint about a situation that such employee, director, or officer reasonably believes to be a material violation of this Code will be subject to appropriate corrective action, which may include removal from a position as director or officer, and dismissal as an employee.

## 17. **Reporting/Investigation Procedures**

Any employee who reasonably believes that there has been a material violation of this Code should report it immediately to the General Counsel. Employees may also report material violations through the Company's website portal located at [www.DestinationMaternity.ethicspoint.com](http://www.DestinationMaternity.ethicspoint.com). Any complaint concerning a potential material violation of this Code involving the General Counsel should be reported to either the Chief Executive Officer or the Chief Financial Officer. If the violation is caused by questionable accounting or auditing matters, the employee may submit an anonymous complaint as discussed in Section 18. Upon receipt of a complaint, the recipient shall promptly investigate the matter. The General Counsel will treat the matter as confidential to the fullest extent possible consistent with the need to investigate. Absolute confidentiality of the complaint, however, cannot be guaranteed because the very fact of conducting an investigation may lead employees or other persons to reach conclusions of their own. Anyone involved in an investigation under these procedures, whether as witnesses, participants in the performance of the investigation or otherwise, will be informed of their obligation to maintain confidentiality and may be asked to sign an acknowledgment of this obligation. There shall be no discrimination or retaliation against any employee for bringing a complaint under these procedures or against any person for participating in the investigation. If the investigation leads to a conclusion that a material violation of the Code has occurred, the Company will take appropriate corrective action, which may include removal from a position as director or officer and dismissal as an employee of the Company.

The Company recognizes the potentially serious impact of a false accusation. Employees are expected as part of the ethical standards required by this Code to act responsibly in making complaints. Making a complaint without a good faith basis is itself an ethical

violation. Any employee who makes a complaint in bad faith will be subject to appropriate corrective action, including dismissal.

**18. Procedures for Submitting Confidential, Anonymous Complaints Regarding Accounting and Auditing Matters**

As an alternative to the procedures described in Section 17, any employee who reasonably believes that there has been a material violation of this Code caused by questionable accounting or auditing matters may submit confidential complaints in writing to the General Counsel or the Audit Committee Chair or through the Company's website portal located at [www.DestinationMaternity.ethicspoint.com](http://www.DestinationMaternity.ethicspoint.com). Any such complaint may be made anonymously. Complaints must provide sufficient information so that a reasonable investigation can be conducted. A complaint sent in writing to the General Counsel should be addressed to the General Counsel, Destination Maternity Corporation, 232 Strawbridge Drive, Moorestown, NJ 08057. Alternatively, the complaint may be submitted via email to [khan@destinationmaternity.com](mailto:khan@destinationmaternity.com) or via the Company's website portal located at [www.DestinationMaternity.ethicspoint.com](http://www.DestinationMaternity.ethicspoint.com). In the event the General Counsel receives any financial fraud complaint, he is required to immediately report such complaint directly to the Chair of the Audit Committee of the Board of Directors of the Company. Each member of the Audit Committee, including the Chair, is independent of management and not an employee of the Company. The Audit Committee will determine the proper course of action in investigating the complaint, which could include hiring outside counsel or an independent auditing firm to help conduct the investigation.

If any employee is uncomfortable in reporting any complaint regarding accounting and auditing matters to the Company's General Counsel, such complaint may be submitted directly to the Chair of the Audit Committee. Such complaint should be addressed to the Chair of the Audit Committee of the Board of Directors of the Company, at the offices of the

Company. Alternatively, the complaint may be submitted via the Company's website portal located at [www.DestinationMaternity.ethicspoint.com](http://www.DestinationMaternity.ethicspoint.com).

	<p>Acknowledged and agreed to:</p> <hr/> <p>(signature)</p> <hr/> <p>(date)</p>
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*Revised effective 10/21/2015*