

ACME UNITED CORPORATION
CODE OF CONDUCT AND ETHICS

This Code of Ethics (“Code”) is a statement of certain fundamental principles, policies and procedures that govern the directors, officers and employees of Acme United Corporation (the “Company”) in the conduct of the Company’s business.

I. Covered Persons

This Code applies to all of the Company’s directors, officers and employees who are considered to have access to confidential information (“Covered Persons”). Certain provisions of this Code apply only to the Company’s Chief Executive Officer and Chief Financial Officer (“Covered Officers”).

II. Purpose of Code

The purpose of this Code is to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files or submits with governmental regulators and in other public communications made by the Company;
- compliance with applicable laws and stock exchange and governmental rules and regulations;
- prompt internal reporting of violations of this Code to an appropriate person or persons identified herein; and
- accountability for adherence to this Code.

III. Honest and Ethical Conduct

Each Covered Person owes a duty to the Company to adhere to a high standard of business ethics, and should be sensitive to situations that may give rise to actual as well as apparent conflicts of interest. Each Covered Person should encourage his or her colleagues who provide services to the Company, whether directly or indirectly, to do the same.

A “conflict of interest” occurs when a Covered Person’s private interest interferes with the interests of, or his or her service to, the Company. For example, a conflict of interest would arise if a Covered Person, or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company.

Each Covered Person must:

- not use his or her personal influence or personal relationships improperly to influence financial reporting by the Company whereby the Covered Person would benefit personally to the detriment of the Company;
- not cause the Company to take action, or fail to take action, for the individual personal benefit of the Covered Person rather than the benefit of the Company;
- not use material non-public knowledge of transactions or decisions made or contemplated by the Company to profit personally or to cause others to profit, by the market effect of such transactions; and
- with respect to directors and officers of the Company, report at least annually his or her affiliations and other relationships as requested in the Company's annual Directors and Officers Questionnaire.

Covered Persons should keep in mind that the above list of prohibitions does not cover every possible situation. The overarching principle – that the personal interest of a Covered Person should not be placed improperly before the interest of the Company – should be the guiding principle in all circumstances.

IV. Disclosure

Each Covered Person:

- must not knowingly misrepresent, or cause others to misrepresent, facts about the Company to others, whether within or outside the Company, including to the Company's Board of Directors (the "Board"), auditors, governmental regulators or self-regulatory organizations;
- must to the extent appropriate within his or her area of responsibility, familiarize himself or herself with the disclosure requirements applicable to the Company and their disclosure controls and procedures;
- should, to the extent appropriate within his or her area of responsibility, consult with other officers and employees of the Company and take other appropriate steps with the goal of promoting full, fair, accurate and timely disclosure in the reports and documents the Company files with, or submits to, governmental regulators and self-regulatory organizations and that are signed or certified by him or her; and
- must cooperate with the Company's independent accountants, regulatory agencies and internal auditors in their respective review or inspection of the Company and its operations.

V. Compliance Responsibilities of Covered Officers

It is the responsibility of each Covered Officers to otherwise promote adherence with the standards and restrictions imposed by applicable laws, rules and regulations by:

- educating employees of the Company about any federal, state or local laws, rules or regulations that affect the operation of the Company.
- monitoring the Company's compliance with any applicable federal, state or local laws, rules or regulations; and
- identifying, reporting and correcting in a prompt and certain manner, any detected deviations from applicable federal, state or local laws, rules or regulations.

VI. Reporting and Accountability

Each Covered Person must:

- upon adoption of this Code, affirm in writing that he or she has received and read this Code, and understands it;
- annually thereafter affirm that he or she has complied with the requirements of this Code;
- not retaliate against any person for reports of potential violations that are made in good faith; and
- notify the Company's Chief Executive Officer, Chief Financial Officer or Chairperson of the Audit Committee of the Board promptly if he or she knows of any violation of this Code. Failure to do so is itself a violation of this Code.

The Company's Audit Committee is responsible for applying this Code to specific situations in which questions are presented under it and has the authority to interpret this Code in any particular situation.

VII. Investigation and Enforcement

The Company will follow these procedures in investigating and enforcing this Code:

- the Company's Chief Executive Officer, Chief Financial Officer or Chairperson of the Audit Committee of the Board will take all appropriate action to investigate any violations and potential violations of this Code reported to him or her;
- violations will be reported to the Board after such investigation;
- if the Board determines that a violation has occurred, it will consider appropriate action, which may, without limitation, include review of, and appropriate modifications to, applicable policies and procedures; notification to appropriate personnel; or recommendation of the dismissal of the Covered Person;

- the Board will be responsible for granting waivers of the provisions of this Code if and when it shall deem appropriate; and
- any changes to or waivers of this Code will, to the extent required, be disclosed as provided by applicable law or regulation.

VIII. Amendments

This Code may not be amended except in written form, which is specifically approved or ratified by the Board.

IX. Confidentiality

All reports and records prepared or maintained pursuant to this Code will be considered confidential and will be maintained and protected accordingly. Except as otherwise required by law or this Code, such matters will not be disclosed to anyone other than the Board or the Audit Committee of the Board.

X. Internal Use

This Code is intended solely for internal use by the Company. It is not intended to and does not create any rights in any employee, investor, supplier, competitor, shareholder or any other person.

Date: October 20, 2004.