

Contents.

1. Introduction	3
1.1 Overview	3
1.2 Purpose and responsibilities	3
1.3 Penalties for non-compliance	3
1.4 Policy of complying with all applicable laws	3
2. Anti-Competitive Behaviour	4
2.1 Definition	4
2.2 Background	6
3. Relationships with Competitors	7
3.1 Communicating with competitors properly	7
3.2 Illegal activities	8
3.2.1 Price fixing	8
3.2.2 Agreements on customers, suppliers, and territories	9
3.2.3 Participating in trade associations	10
4. Relationships with Customers	11
4.1 Controlling or attempting to control resale prices	11
4.2 Restricting customer right to choose customers, suppliers, or territories of operation	12
4.3 Other questionable activities with customers	13
5. Relationships with Suppliers	14
5.1 Prohibited activities involving suppliers	14
5.1.1 Price Fixing	14
5.2 Questionable activities with suppliers	14
5.2.1 Reciprocal Dealing	14
5.2.2 Exclusive Dealing	14
6. Seeking Advice and Reporting Violations	15

1. Introduction ●

1.1 Overview

This policy is applicable to Techtronic Industries Co. Ltd. and its worldwide subsidiaries and everyone who works for them or on their behalf, including employees, officers, directors, consultants, agents, and contract and temporary workers.

TTI is a world leader in the industries in which it competes. We achieve success through the hard-work, dedication, and expertise of our employees and our superior products and innovative offerings. The current business environment remains as competitive as ever, and to ensure our continued success, we must compete with intensity and passion.

Our competitive spirit must be driven by integrity. We will always compete fairly in accordance with the law. Our competition is governed by several laws and regulations in the jurisdictions in which we do business as well as by our own values, expectations and requirements. This policy will guide you on both the legal and TTI-established rules on competition and fair business practices.

1.2 Purpose and Responsibilities

We must comply with laws, regulations, and our internal policies and codes of conduct regarding anti-competitive behaviour. Not only can such violations lead to substantial penalties such as fines and imprisonment for those involved in them, they can also damage our reputation and tarnish the famous brands that drive our success.

Your responsibilities include:

- Understanding this policy
- Participating in competition law training when required
- Avoiding conduct that violates competition laws or this policy
- Seeking guidance from your supervisor and the Legal Department if faced with a challenging situation
- Reporting incidents, questionable conduct, or concerns through the company's established channels for such reporting

1.3 Penalties for non-compliance

Beyond the legal and financial penalties that TTI and its employees could suffer from our non-compliance with this policy and global competition laws, failure to comply can also result in disciplinary action up to and including termination of employment.

Managers who fail to supervise employees in complying with this policy may also be the subject of discipline. Managers should lead by example and be a resource for employees who have questions or need advice.

1.4 Policy of complying with all applicable laws

Some countries in which we operate may have compliance requirements stricter than those discussed in this Policy. We always follow the strictest law, regulation, or policy applicable to our work. If you have any doubt about what is expected of you under the law or our policy, you must seek guidance from the Legal Department.

2. Anti-Competitive Behaviour ●

2.1 Definition

Anti-competitive behaviour includes business practices that have the potential to limit or prevent the ability of others to participate fairly in the market, or that denies consumers the benefit of full and fair competition. Anti-competitive behaviour can be carried out between competitors, with customers, or with suppliers. Some types of activity are so likely to have an injurious effect on competition that they are always prohibited regardless of whether there is any evidence of an actual anti-competitive effect on the market or anti-competitive injury. The following are examples. You must never engage in these types of activity.

Conduct	Example
1. Price fixing	Colluding with competitors to set prices on products
2. Dividing territories	Agreeing with a competitor to exclusively deal in one area while we exclusively deal in another area
3. Dividing customers	Agreeing with a competitor to only sell to certain customers and to refrain from selling to others
4. Boycotting	Agreeing with a competitor to refrain from selling to certain buyers or refrain from buying from particular suppliers
5. Bid Rigging	Agreeing with a competitor in advance regarding who will win a bid

2. Anti-Competitive Behaviour

Other types of activity are only prohibited under certain circumstances and then only if it is demonstrated through evidence that the activity has caused actual harm to competition. The following are examples. You **MUST** consult the Legal Department before undertaking ANY of these types of activity. The Comments below should demonstrate to you that this is a very complex area that requires guidance by legal counsel at all times.

Conduct	Example	Comments
1. Restricting resale prices	Restricting customers' right to set prices independently	In some jurisdictions, companies can legally unilaterally prohibit discounting of their products or establish Minimum Advertised Pricing policies under the right circumstances, but unless carefully done, these activities can violate the law.
2. Restricting right to choose customers, suppliers or territory	Restricting customers' right to sell to certain customers or buy from certain suppliers or operate in specific territories	In some circumstances, contracts may restrict channels of trade to protect valuable brands or for other reasons, while in other circumstances, such restrictions can be unlawful.
3. Tying	Making a product available only if the customer buys another specific product along with it	This is not always unlawful, but legal counsel's guidance is needed at all times.
4. Price discrimination	Charging different prices to different customers for the same product	All pricing practices must be approved by legal before implemented.
5. Selling below cost / Predatory pricing	Setting a very low price for a product with the intent to drive competitors out of the market	
6. Reciprocity	Agreeing to buy from a seller if the seller buys something in return from us	
7. Exclusive Dealing	Requiring customers to buy from TTI and avoid buying from our competitors or requiring suppliers to sell to TTI only and refrain from selling to TTI's competitors	Again, in some circumstances, contracts may provide for exclusivity of supply or purchase or resale, while in other circumstances, such provisions can be unlawful.

2. Anti-Competitive Behaviour

2.2 Background

Most countries have passed laws prohibiting specified types of anti-competitive behaviour such as those outlined above. We must respect these laws and ensure that our actions do not violate them. Below are some of the competition laws that are applicable to TTI and its worldwide subsidiaries:

Country	Laws
United States	Sherman Act Clayton Act Robinson-Patman Act
European Union	European Union Competition Rules (Treaty of Rome)
Hong Kong	The Competition Ordinance
China	The Anti-Monopoly Law of China

This policy does not require you to remember the rules from every competition law. Rather, this policy is meant to assist you by simplifying and summarizing the main concepts from these laws. By familiarizing yourself with the types of anti-competitive behaviour outlined above and understanding the circumstances in which they can occur, you will go a long way in helping to keep TTI known as a fair and trusted competitor.

3. Relationships with Competitors ●

3.1 Communicating with competitors properly

Communicating properly means that we do not discuss confidential information with competitors.

Confidential information can include:

- Pricing
- Discounts
- Any other terms affecting pricing such as warranties or financing rates
- Terms and conditions of contracts or sales
- Names of customers or potential customers if not publicly known
- Areas where we or they sell or plan to sell products
- Costs
- Production Levels
- Bid details
- Sales / purchasing strategies

If you receive any communication from a competitor regarding these topics or know or suspect that a TTI employee is discussing these matters with a competitor, you must contact the Legal Department for further information.

3. Relationships with Competitors

3.2 Illegal Activities

As seen in Section 2.1, there are several types of activities that are always illegal, since they are considered to have a harmful impact on fair competition. This section provides you with more information on these types of activities.

3.2.1 Price Fixing

Price fixing is agreeing with another competitor to set prices of a product or service. Price fixing is illegal and harms consumers, who are entitled to have prices determined by free market forces such as supply and demand, quality, and other lawful factors rather than as a result of an agreement between competitors.

It is important to remember that an agreement between competitors on anything that would affect the price of goods is also considered price fixing; the agreement does not need to be directly about fixing the price to be illegal. This includes:

- Discounts
- Promotions
- Credit Terms
- Freight
- Output
- Production amounts, rates, or policies
- Costs

An agreement to fix prices can be written or verbal or established through concerted action. **Regardless of how a price is fixed, the practice is always prohibited.**

Pricing for products must always be set independently, based on appropriate factors such as market conditions and our own costs.

Living Our Values

Scenario: I work in procurement and am responsible for dealing with suppliers to source polyethylene, a material our brands use to build the hoses on our vacuum cleaner products. The price of polyethylene has been increasing recently, resulting in an increase in the price we sell the vacuum cleaners to retailers. A representative of a competitor approached me at a trade show with the idea that the industry should coerce our suppliers into charging only a set maximum price for polyethylene to help stabilize the overall price for our vacuum cleaners, and if all of the competitors went along with it, then the supplier couldn't charge anymore because there would be no customers to buy the material. Can I engage in this discussion with our competitor?

Response: No, you should not engage in this discussion. Remember, you must not engage in discussions or enter into actual agreements with competitors regarding affecting or setting the price of products, and this includes the price of our materials as well as the price of our finished goods.

3. Relationships with Competitors

3.2.2 Agreements on customers, suppliers, and territories

We cannot make agreements with our competitors to divide and allocate customers, suppliers, territories, or markets.

Examples of such agreements include:

- Agreeing not to sell to certain customers, purchase from certain suppliers, or do business in certain territories (also known as **Boycotting**)
- Agreeing to only sell to certain customers, buy from certain suppliers, or operate in particular territories
- Agreeing with competitors to carve up certain markets so that each competitor deals with the customers, suppliers, and territories in a particular market
- Agreeing not to deal with certain customers or suppliers until some condition is fulfilled (such as agreeing not to sell to a certain customer until that customer stops sourcing from a particular supplier)

The important thing to remember is that TTI can decide on its own whether to deal with certain customers, suppliers or territories. For example, as a company, we can decide to only sell to a particular customer, buy from a certain supplier, or focus our sales in one area rather than another, but we cannot make these decisions as part of an agreement with another competitor.

Living Our Values

Scenario: We are targeting sales of TTI products in many regions in China where potential customers have newly increased buying power. A representative from one of our competitors asked me at a trade show if we should allocate some of these markets between our companies. I informed him that the conversation was inappropriate.

Response: In this case, you did the right thing. Agreements to allocate or divide customers, suppliers, territories, and markets are prohibited under our policy and illegal under most anti-trust laws. You should also report the incident to the Legal Department.

3. Relationships with Competitors

3.2.3 Participating in Trade Associations

At TTI, we are allowed to freely participate in trade association meetings, professional organizations, and the like as representatives of our respective businesses, with approval from the Legal Department.

However, trade association meetings must be approached cautiously, as they should not become a forum for discussing sensitive subjects such as:

- Confidential information (see the topics outlined in Section 3.1; these should not be discussed at a trade association or elsewhere)
- Potential agreements with other competitors regarding customers, suppliers, or territories (see the agreements outlined in Section 3.2)

Proper topics of discussion at a trade association include:

- Legislative initiatives affecting organizations in our industry
- Industry public relations
- Non-confidential technical or safety issues related to our industry

The following steps must be taken before and while attending a trade association meeting:

- Before joining a trade association:
 1. Ensure that the trade association has a written commitment to comply with competition or anti-trust law
 2. Inform the Legal Department on why you should join the trade association
 3. Forward the by-laws of the association to the Legal Department
 4. Receive approval from the Legal Department before attending any trade association meeting
- After joining a trade association:
 1. Review the agenda before attending any meeting discuss any concerns with the Legal Department including seeking guidance as to whether the association will or should have legal counsel in attendance
 2. If any subject is raised at a meeting that causes you concern, politely excuse yourself from the meeting, ensure that your departure has been noted in the meeting minutes, and report the incident to the Legal Department
 3. Always request a copy of the minutes from every meeting
 4. Ensure that the association has retained expert antitrust legal counsel and that such counsel provides advice at all times should there be any question about particular discussions or subject matter

Living Our Values

Scenario: TTI is part of a trade association that discusses product safety issues related to hardware goods. My colleague attended this trade association's meetings on behalf of TTI, but he recently left the company. I am now planning to attend this association's meetings for TTI and received the agenda for next week's meeting. I noticed that one of the items on the agenda was a discussion related to keeping production costs down while maintaining product safety. Should I object to this item on the agenda?

Response: In this case, you should file an inquiry with the trade association before the meeting to ensure that the item in question is only to discuss generally how companies can keep costs down while maintaining safety and not a discussion on the specifics of how each company attending the meeting tries to keep its individual costs down. Consult the Legal Department for guidance on what types of subject matter are acceptable and what to avoid discussing prior to attending the meeting.

4. Relationships with Customers ●

Competition law and this policy shape the way we can communicate with customers. In summary, we must deal with customers fairly and ethically and not use improper means to obtain their agreement to terms or conditions. Most agreements with customers are not prohibited, but they can be if they result in actual harm to competition.

Examples of the types of agreements where issues can arise include:

- Restricting customers' right to set prices
- Restricting customers' right to choose customers, suppliers or territories of operation
- Tying
- Price discrimination among different customers for the same product
- Selling below cost / predatory pricing

You must gain guidance from the Legal Department before engaging in any of these activities, as they can be illegal depending on the surrounding circumstances.

4.1 Controlling or Attempting to Control Resale Prices

Controlling or trying to control the prices at which our customers resell products to others can result in violations of the law. This often depends on the specific law governing the area(s) where our transactions are taking place and where the customer plans to resell our products.

It is always acceptable to:

1. Establish authentic manufacturer's suggested resale prices
2. Pass along discounts or promotional allowances to customers, which they have the option of applying towards resale of our products

The following actions may be acceptable if implemented properly in keeping with legal advice:

1. Setting minimum advertised prices for products
2. Setting a policy prohibiting discounting of products

Again, the Legal Department *must always* be consulted before undertaking any activity of this type.

Living Our Values

Scenario: A new retail customer has initiated a discount on TTI products that it resells to end users. However, this retailer has not discounted comparable products it resells made by other manufacturers. Our team feels that this selective discounting is harming the brands associated with these TTI products. We are considering informing the retailer that it cannot levy a discount on TTI products without our consent.

Response: Absent a properly crafted and administered policy on discounting or other resale pricing policies, a reseller is free to set the prices it charges for products, including discounting the price. Working with the Legal Department, in certain circumstances and in certain jurisdictions, a policy prohibiting discounting may be adopted, but it must be in place prior to the activity complained of and it must be properly administered to ensure no discrimination among resellers. Since this is an area fraught with potential legal liability, you should never have discussion with resellers about discounting or any other pricing policies or activities without prior consultation with the Legal Department.

4. Relationships with Customers

4.2 Restricting customers' choice of customers, suppliers, or territories of operation

Customers generally have the right to choose to whom they will resell our products, from which suppliers they will buy comparable products, and where they will resell products.

As a result, we should avoid taking the following actions in our relationships with customers without prior guidance from the Legal Department:

- Refusing to sell to a customer because they may resell to organizations or persons we do not approve of
- Agreeing to sell to a customer if the customer requires us to not sell to their competitors
- Refusing to sell to a customer if they also buy products from our competitors
- Refusing to sell to a customer if they plan to resell our products in certain territories
- Requiring customers to resell our products in certain territories or refrain from selling in particular territories

Living Our Values

Scenario: I am negotiating a potential deal with a mid-size retailer in Germany that may expand across Europe in the next few years. I informed the retailer's representative that we would sell our products to them only if they do not expand and resell our products in Spain and Portugal, as we already sell to another major retailer that dominates that area.

Response: In this case, you did not follow this policy. Customers generally have the right to resell our products wherever they choose, and Europe in particular has laws encouraging the free flow of goods across member countries. You should never try to restrict a customer's resale activities in this way without prior guidance from the Legal Department.

4. Relationships with Customers

4.3 Other questionable activities with customers

Tying – Tying agreements involve a seller refusing to sell a customer a product it is interested in buying unless it also buys another, often unwanted product. Tying agreements are usually illegal because they allow a manufacturer or seller to use its strength in one product group to increase its leverage in product groups in which it is weaker or less reputable or established.

Price Discrimination – Price discrimination is the practice of selling like products to similarly situated customers at different prices or unjustly discriminating in the provision of certain allowances (such as a promotional or marketing allowance).

Price discrimination can be illegal in certain circumstances because it gives customers receiving lower prices an advantage in the market over customers who had to pay a higher price.

Price discrimination can be acceptable if the lower prices are:

- Justified based on the costs incurred in dealing with a particular customer, or
- Necessary to meet a competitor's prices

Price discrimination also extends to allowances. This means that any offered allowances must be functionally available to all customers.

Allowances can include:

- Promotional allowances
- Catalogues
- Signs
- Demonstrations
- Special packaging
- Warehousing facilities
- Credit returns, and
- Prizes or free merchandise for promotional contests

To avoid issues in this area, all pricing policies must be reviewed with and approved by the Legal Department prior to implementation.

Selling below cost / Predatory pricing – Selling below cost, sometimes referred to as predatory pricing, is the practice of selling at a price below a seller's own cost, which in turn drives out competitors, and then raising the price so that customers are forced to buy at the increased prices since no reasonable alternatives now exist. Again, any potential for this type of activity must be reviewed with the Legal Department.

Exclusive Dealing – Exclusive dealing requires customers to only resell TTI products and prevents them from reselling the brands of competitors.

Exclusive dealing is generally legal but not always and not in every jurisdiction. As a result, you must always consult with the Legal Department before entering into any exclusive dealing agreement.

5. Relationships with Suppliers •

As with customers, we must deal with suppliers fairly and ethically and not use improper means to obtain their agreement to terms and conditions. We should never engage in the following types of activity:

- Improperly attempting to induce suppliers to reveal confidential information about other purchasers / competitors
- Forcing suppliers to fix prices by forming a “buying group” with other competing purchasers

As is the case with customers, when dealing with suppliers, you must always consult the Legal Department before entering into any types of contracts with suppliers, particularly contracts that involve reciprocal dealing or exclusive dealing arrangements.

5.1 Prohibited activities involving suppliers

5.1.1 Price Fixing

When we sell our products to customers, the price is based on the demand for the good, the cost of production, the price of alternatives in the market, and other factors. Suppliers will sell products to us at prices that also depend on these types of factors. Anti-competition laws are directed at activities whose purpose is to artificially control prices outside of these normal market factors.

Buying groups are one of the prohibited methods whose aim is to force suppliers to sell their products at certain prices. Buying groups are associations formed by different purchasers intended to force suppliers to sell products at certain prices. Buying groups do not need to be large-scale associations; even discussing a plan to purchase products at a certain price with another purchaser or competitor could qualify.

As a result, we must avoid speaking to competitors about prices offered to us by suppliers or what prices we or they plan to try and buy products at.

5.2 Questionable activity with suppliers

5.2.1 Reciprocal Dealing

Reciprocal dealing is the practice of a company buying from a supplier only if the supplier also purchases a product from that company. Reciprocal dealing is not necessarily unlawful; the anti-competitive effect of such activity must be considered. Before entering into any reciprocal dealing arrangements, speak to the Legal Department.

5.2.2 Exclusive Dealing

Exclusive deals with suppliers are generally legal, but since they involve a restriction on competition, the Legal Department must be consulted before entering into any such contracts.

A type of exclusive dealing contract with a supplier, sometimes called a requirements contract, would require TTI to buy all of our requirements for a particular product from that specific supplier. Another type of exclusive dealing contract with a supplier would involve the supplier agreeing not to sell a particular product to anyone except TTI.

Exclusive dealing arrangements are sometimes prohibited under some competition laws because they could potentially be used to deny competitors access to low-cost suppliers. For example, if TTI entered into an exclusive deal with a low-cost supplier which required the supplier to sell only to TTI and prohibited them from supplying to competitors, those competitors may need to purchase from higher-cost suppliers.

Because exclusive dealing arrangements can be entered into under the right circumstances, but under the wrong circumstances they can lead to legal liability for the company, you must consult with the Legal Department before entering into any exclusive dealing arrangement with any supplier.

6. Seeking Advice and Reporting Violations ●

The key to our culture of ethical conduct is honest, transparent communication. If you have any questions, concerns, or witness potential violations of this policy, please tell us.

We operate under a NO RETALIATION policy, which means that we will never retaliate against anyone who makes a report to us in good faith. Also, your report will be kept confidential to the fullest extent allowed by law, and we will use our best efforts to ensure that your identity is not disclosed.

Reports can be made to the following individuals at TTI:

- The Group Vice-President, General Counsel and Chief Compliance Officer
- Your immediate manager or supervisor
- The Legal Department
- The HR Department

If you prefer, you may anonymously report your concerns to us by —

Email:

✉ ttiinquiries@fulcrum.com

or Hotline:

☎ <https://www.ttigroup.com/reporting-hotline/>

or by Mail:

✉ Fulcrum Inquiry, Techtronic Complaint Resolution Department,
12121 Wilshire Boulevard, Suite 810, Los Angeles, CA 90025

or Fax:

☎ +1.213.891.1300 (US fax line)

