



Purchasing Company

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SUPPLIER TERMS OF COMMERCE

Date: March 9, 2021

The Toro Company is committed to complying with all U.S. and international laws and regulations and expects every supplier to support that commitment. We interact with U.S. Customs on many levels, both as an Importer and Exporter. We are committed to achieving full compliance on all U.S. Customs issues. The Customs Modernization Act of 1993 requires that all importers of record exercise “reasonable care” with their import activities. To demonstrate our efforts of “reasonable care” we have developed the Supplier Terms of Commerce (STOC) Program.

The Supplier Terms of Commerce outlines standard business practices regarding compliance with various United States laws and regulations administered by agencies as listed but not limited to those listed in Section 1 of the Supplier Terms of Commerce. By adhering to these standards and regulations we ensure our compliance with U.S. Customs as well as ensure our merchandise clears U.S. Customs with minimal delays.

The Toro Company conducts business worldwide and as an exporter we must declare the correct country of origin on the Shippers Export Declaration. As the importer of record, Toro must ensure all shipments comply with all U.S. Custom’s laws and regulations which include but not limited to 19 CFR 134.11 country of origin markings, 19 CFR 12.42 convict labor and 19 CFR 141.86-141.89 invoice requirements as outlined in this agreement.

Each section indicates the applicability of the terms and standards to the supplier for product provided to The Toro Company and Toro subsidiaries as follows;

- Domestic **D** Supplier doesn’t directly import to Toro or Toro subsidiaries components, sub-assemblies, assemblies or whole goods.
- Importer **I** Supplier does import directly to Toro or Toro subsidiaries components, sub-assemblies, assemblies or whole goods. Toro may or may not be the ‘Importer of Record’ under these circumstances.

The Supplier Terms of Commerce requires a signature by an officer or designated corporate representative of your company. Please retain a signed copy and return only pages 2-8 (through Successors page) via the supplier portal unless otherwise directed.

Please contact me directly at 952-887-8047 or by email at jim.nelson@toro.com regarding any questions, comments or concerns.

Jim Nelson
Manager, Sourcing Regulatory

SUPPLIER TERMS OF COMMERCE

The Toro Company requires the supplier to comply with all current applicable terms and standards in this agreement. The supplier agrees to comply substantially with all terms and standards in this agreement as supplier changes warrant;

1. COMPLIANCE WITH U.S. LAWS AND REGULATIONS

D **I**

Supplier's merchandise shall comply with all import requirements of the United States Customs Service as well as all other United States government agencies. Supplier certifies that all merchandise sold to The Toro Company and its subsidiaries ("The Toro Company") comply with United States law and regulations, including, but not limited to those administered by the United States Customs Service, the Consumer Product Safety Commission, the Environmental Protection Agency, the Occupational Safety and Health Administration and the United States Patent and Trademark Office.

2. COUNTRY OF ORIGIN (COO)

I

Supplier's imported merchandise shall be accurately marked or labeled with its country of origin in accordance with the laws and regulations administered by the United States Customs Service and the Federal Trade Commission. Supplier understands that it will be responsible for any fines or marking penalties issued by a U.S. agency, as well as any associated costs, including, but not limited to, costs incurred by The Toro Company to remark the goods, such as labeling costs, warehousing costs, and expedited freight costs.

D **I**

Supplier shall provide The Toro Company with the country of origin of all merchandise. All country of origin information must be provided electronically via The Toro Company supplier portal. If the country of origin changes, the supplier will provide The Toro Company a new certificate of origin within 10 days.

3. CHILD, CONVICT, FORCED OR INDENTURED LABOR

D **I**

The Toro Company will not accept merchandise from any supplier that utilizes illegal child labor or convict, forced or indentured labor in any stage of the mining, production, manufacture, contracting or subcontracting of the merchandise or any component thereof. For the purpose of determining use of illegal child labor "child" is as anyone who is less than fifteen (15) years of age, unless the compulsory school age in the country where the supplier is doing business is higher than fifteen (15).

If the compulsory school age is higher than fifteen (15) in a country where the supplier is doing business, “child” is defined as anyone who is younger than the compulsory school age in the relevant country.

Failure to comply with the terms of this section will result in the immediate cancellation of all outstanding orders.

North Korean Labor:

It is important to note that CAATSA Section 321(b) (22 U.S.C. § 9241a), which amended the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. § 9241 et seq.), creates a rebuttable presumption that significant goods, wares, merchandise, and articles mined, produced, or manufactured wholly or in part by North Korean nationals or North Korean citizens anywhere in the world are forced-labor goods prohibited from importation under the Tariff Act of 1930 ([19 U.S.C. § 1307](#)). Accordingly, Toro expects its suppliers to implement policies and procedures to ensure that no North Korean labor is used anywhere in the supply chain of merchandise, or any component thereof, supplier to Toro.

China Forced Labor [Xinjiang Uyghur Autonomous Region]

No shipments of cotton products and tomato products produced in China’s Xinjiang Uyghur Autonomous Region are allowed.

4. HUMAN RIGHTS/DISCRIMINATION



The Toro Company requires that its Supplier respect the basic human rights of its own work force. To that end, Supplier must certify to The Toro Company that its employment practices and work conditions are non-discriminatory and not detrimental to the health and well-being of its employees.

5. STANDARD INVOICE REQUIREMENTS



Supplier agrees to comply with The Toro Company’s standard invoice, packing list and carton marking requirements (see Attachment A) as specified below;

- Name of the Seller
- Name of the purchaser
- Description of merchandise
- The Toro Company complete 10-digit purchase order or scheduling agreement number.
- The Toro Company part number(s)
- Quantities, weights and measures (must appear on the invoice and packing list)
- INCOTERMS (Term & named place)

- Country of Origin [COO]
- Purchase price and currency used for the purchase. This price must match the price on Toro's purchase order or scheduling agreement.
- All charges and discounts including but not limited to- assists and the value of any material, tooling or molds provided by The Toro Company.
- Any items shipped free of charge must include the commercial value of the items.

I

Importers must provide in English a commercial invoice with the information specified above and in addition include;

- A description of the merchandise in sufficient detail to properly classify the merchandise under United States Customs laws. Certain 'special merchandise' requires specific additional information (see Attachment B).
- INCOTERMS (rev 2010) including the named place, port and destination.

6. PACKAGING AND LABELING

D **I**

Supplier shall package and label product provided to Toro compliant per Toro Company Specification F-117 [Toro Material and Process Supplier Packaging Guidelines] following 'facility-based' packaging and labeling requirements.

https://supplier.thetoroco.com/portal/server.pt/gateway/PTARGS_0_20949_337_202_0_43/mdip/viewDocument?cmd=getDocument&ext=pdf&name=F-117

SOLID WOOD PACKING

D **I**

Supplier shall provide solid wood packing that is ISPM-15 compliant per Toro Company Specification F-102 [Toro Wood Packaging Material Quality Standard] on all export shipments to any country (notably Canada and Mexico) where solid wood packing materials are used.

<http://lyn-roc.toro.com/ttcservices/AssetObject/GetMaterial?pMaterialId=F-102&pFileType=PDF>

If solid wood packing materials are used, the supplier is required to ensure the wood must be heat treated or fumigated with methyl bromide and marked with the International Plant Protection Convention (IPPC) logo and appropriate country code designating the location of treatment.

If no solid wood packing material is used the supplier will certify on the commercial invoice or provide a separate certification stating the shipment contains no solid wood packing materials.

Supplier agrees to reimburse The Toro Company for any charges, including but not limited to, demurrage charges or expediting charges, incurred as a result of not providing compliant solid wood packing.

7. DOCUMENTS FOR CUSTOMS CLEARANCE

I

Supplier agrees to send via overnight courier the following documents to The Toro Company's designated Customs broker within 5 days of vessel departure. Supplier agrees to reimburse The Toro Company for any charges incurred due to late delivery of documents including, but not limited to demurrage charges and expediting charges. Documents required include:

- Signed commercial invoice meeting The Toro Company's standard invoice requirements.
- Packing list in English clearly stating which part number is located in which box number.
- Bill of Lading indicating Toro's import broker as the "Notify Party" on direct shipments where Toro is the importer of record (IOR).
- Any additional documents required by the United States Customs Service or any other governmental agencies.
- Documents to support claim for Eligibility for Special Tariff Treatment—if applicable.
- 10+2 Importer Security Filing (ISF) Rule-Supplier must provide all of the required data elements to The Toro Company's designated freight forwarder at origin (the company your firm arranged the booking through) and by e-mail to ISF@sbs-intl.com no later than 72 hours prior to vessel loading at the origin country ocean port.

The required data elements are – seller name and address, 'ship to' party, manufacturers name and address, country of origin, container stuffing location, consolidator (stuffer) name/address and Ocean bill of lading number that will be provided to you at the time of booking by the origin forwarding partner.

8. ELIGIBILITY FOR SPECIAL TARIFF TREATMENT

D **I**

Supplier shall provide The Toro Company the required information/documentation if the merchandise qualifies for any special tariff treatment – most common is USMCA. USMCA certificates of origin are for a specified period of time, not to exceed 12 months.

Upon expiration of a current USMCA the supplier will provide a new USMCA certificate. Currently USMCA certificates are provided to Toro via the supplier portal. There are many additional free trade agreements, if your products qualify for any other free trade agreements please notify Toro’s Sourcing Regulatory Manager.

9. FAIR LABOR STANDARDS ACT

D

For all work performed within the United States, the District of Columbia, and all U.S. territories and possessions, Supplier agrees that its payroll practices are in compliance with the provisions of the Fair Labor Standards Act (“FLSA”) and any relevant state law concerning pay, including but not limited to the minimum wage provision, the overtime provision, and the Family and Medical Leave Act, if applicable.

For work performed outside the United States, the District of Columbia, and all U.S. territories and possessions, Supplier agrees to comply with the wage payment laws of the government unit in which the Supplier is doing business.

10. RIGHT OF INSPECTION

D **I**

Supplier shall allow an employee of The Toro Company or designated representative of The Toro Company to conduct an on-site inspection of the supplier’s production facilities, scheduled in advance by agreement of the parties during regular business hours and conducted in a non-disruptive manner. Failure to comply or refusal of The Toro Company employee or designated representative to inspect may subject all outstanding orders to cancellation.

11. CORRUPT PRACTICES AND ANTI-BRIBERY

D **I**

Supplier certifies that it will comply with the U.S. Foreign Corrupt Practices Act (FCPA-link found below) and any other anti-bribery laws of which it is subject, and The Toro Company Anti-Bribery Policy for Business Partners [Attachment D]

<http://www.justice.gov/criminal/fraud/fcpa/statutes/regulations.html>

12. CONFLICT MINERALS

D **I**

Supplier certifies that it will comply with The Toro Company Conflict Minerals Policy (see Attachment C) and will maintain related Conflict Minerals records for a minimum of five years unless otherwise specified.

The Toro Company requires suppliers to perform and document activities associated with supply chain due diligence and address risks associated with minerals from conflict affected or high-risk areas.

The Toro Company reserves the right to audit and inspect a supplier's documentation related to supplier compliance declarations and certifications to Conflict Minerals.

Additional information on Conflict Minerals can be found in The Toro Company Supplier Quality Manual.

13. SLAVERY AND HUMAN TRAFFICKING

D **I**

The Toro Company strongly opposes modern slavery by any person or organization, including its suppliers. Modern slavery encompasses forced labor, prison labor, indentured labor, bonded labor, debt servitude, state imposed forced labor, human trafficking and child labor. As a manufacturer doing business globally, The Toro Company is committed to compliance with applicable laws, including, but not limited to California's Transparency in Supply Chains Act of 2010, the United Kingdom's Modern Slavery Act, and Australia's Modern Slavery Act 2018. Toro expects its suppliers to support that commitment.

14. SUSTANCE RESTRICTIONS

D **I**

Supplier certifies that it will comply with all applicable U.S. and international laws and regulations regarding the use of restricted substances in merchandise supplied to The Toro Company. Supplier agrees that, upon request, it will provide information regarding the substances present in merchandise it supplies to The Toro Company in order that we can fulfill our obligations under U.S. and international laws regarding the use of restricted substances.

15. SUCCESSORS

These Supplier Terms of Commerce agreement shall inure to the benefit of, may be enforced by, and shall be binding upon the parties, and their permitted successors and assigns.

This Supplier Terms of Commerce and the instructions, requirements and policies incorporated herein by reference, are updated periodically without additional notice given to Suppliers. Please refer to the online version of the Supplier Terms of Commerce available on the Toro Supplier portal (“ToroConnection”) to make sure you have the most current information available. Suppliers must comply with the latest version of the Supplier Terms of Commerce that Supplier has received are deemed to certify that they are in compliance if they provide parts to Toro after the date of the revision.

As an officer-corporate representative of _____,
I have read the terms described in this document, understand that a condition of doing business with The Toro Company is based upon being fully compliant with these terms and agree to take reasonable efforts to comply with the terms and conditions described in this agreement.

Supplier Name: _____

Address: _____

Address: _____

Phone No: _____

Signed: _____

Printed Name: _____

Title: _____

Date: _____

Master Shipping Carton Marking Instructions

Production and Service parts:

- ❖ One end of the master-shipping carton must clearly indicate the following information.
- ❖ All information provided must be clearly legible.

Indicate shipment is for The Toro Company
 Carton #
 Toro Purchase Order number/Scheduling Agreement number
 Toro part number and quantity of each part in the carton, Country of origin of each part

EXAMPLE:

The Toro Company
 Carton _____ of _____
 Toro PO# _____
 Part# Qty Country of Origin
 _____ _____ _____
 _____ _____ _____

Toro PO# _____
 Part# Qty Country of Origin
 _____ _____ _____
 _____ _____ _____

Finished Whole Goods: Follow packaging instructions for shrink-wrap and slip-sheet.

- ❖ If the box is packed in a master shipping carton one end of the master shipping carton must clearly indicate the following information. Printing should be clearly legible:

Indicate shipment is for The Toro Company
 Carton #
 Toro Purchase Order number
 Toro part number , case pack and Country of origin

EXAMPLE:

The Toro Company
 Carton _____ of _____
 Toro PO# _____
 Part# _____
 Casepack _____
 Country of origin _____

***Special Commercial Invoice Requirements for The Toro Company (TORO).**

Merchandise Types Requiring more information on the Commercial Invoice.

Tubes, Pipes and Hoses of rubber

Indicate whether it is of vulcanized rubber. Specify whether with or without fittings. List any materials with which it is reinforced or otherwise combined.

Tubes, pipes, hollow profiles, tubes or pipe fittings (Iron or steel)

Describe the product by name tube, pipe, elbow, flange, etc. Describe the process by which the product is made - cast, hot-rolled, hot extruded, cold-drawn, cold-rolled, etc. Construction-welded or seamless- Describe any subsequent manufacturing or finishing processes the product is subject to, such as threading, threading and coupling, coating, machining, drilling, etc.

New Pneumatic Tires of Rubber – indicate whether it has a “herring bone” or similar tread.

Inner tubes of rubber – indicate where the rubber inner tubes will be used.

Other articles of vulcanized rubber – invoice must indicate it is made of vulcanized rubber. Indicate whether the rubber is cellular or non-cellular, natural or synthetic rubber.

Articles of cork – indicate whether the cork is natural.

Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers or similar articles of iron or steel – name the article, describe if threaded or non-threaded. If threaded describe if having shanks or threads with a diameter of more or less than 6 mm.

Chain and parts of iron or steel – specify type (articulated, roller, skid, stud, etc.), pitch in millimeters and number of parts per pitch.

Springs and leaves for springs of iron or steel – describe the article - leaf springs and leaves, helical spring’s etc. If helical springs are of wire include the cross-sectional dimension.

Nails, tacks, staples, screws, bolts, nuts, screw hooks, rivets, cotters, cotter pins, washers of copper or aluminum – Does it have shanks, threads or holes over 6 mm in diameter?

Hinges and mountings of base metal – indicate the type of metal and where it is used.

Internal combustion engines – indicate what type (spark ignition, compression or other), where used and number of kilowatts of the engine.

ATTACHMENT B

Engine parts – describe the part and the engine type it is for.

Liquid pumps – is the pump for movement of liquid or gases. State the primary use of the pump – material it is designed to transfer (fuel, hydraulic, oil, sludge etc.) Describe the operating basis of the pump (hand operated, reciprocating, rotary, centrifugal turbine or liquid elevator).

Oil, fuel or air filter – specify what it filters.

Parts of machinery – name of the part, what machine is it a part of, the function and use.

Valves and valve parts– Type of valve (pressure regulating, hydraulic/pneumatic, check, gate, globe, ball, plug, butterfly, stop, relief, solenoid etc.) Specify what it is made of. Whether device is manually operated or powered by some type of actuator (specify type of actuator).

Electrical transformers – indicate the power handling capacity (Va, Kva etc.)

Electric Storage batteries – indicate chemical composition of the battery, voltage and what its use is.

Electrical switches, relays, boards, wire and cables – indicate voltage rating and if it has connectors.

Transmission, gears, housed bearings, plain bearings, pulleys

-Transmission shafts, crankshafts and camshafts

Indicate whether they are for gasoline, diesel or rotary engines
Specify the vehicle they are used in

-Housed bearings (also see BEARINGS below)

Indicate type of housing (flange, cartridge, take-up, hanger or pillow block).
Indicate whether bearing is mounted or not.

Plain shaft bearings (also see BEARINGS below)

Indicate whether single speed, multiple, speed or variable speed.
If multiple or variable, indicate whether manually shifted or automatic

-Gears

Indicate if chain sprocket or tooth wheel.

Pulleys

Indicate wheel diameter and whether pulley is grooved or not.

Bearing and Bearing Parts:

*IN ADDITION TO DETAILS ON YOUR INVOICE, THESE REQUIRE THE COMPLETION OF A SEPARATE BEARING WORKSHEET:

Bearings/Bearing parts – Name and address of the manufacturer.

Type of Bearing - Ball, Roller, Combination Ball/Roller or Roller/Roller, Plain Shaft or Housed.

Ball Bearings, then indicate whether:

- Integral Shaft - provide outside diameter in millimeters.
- Thrust.
- Linear.
- Angular Contact -specify if wheel hub unit, and whether wheel hub unit is flanged.
- Radial - provide outside diameter in millimeters, if multiple rows of balls, indicate whether double, triple, etc. Also indicate when radial bearings are maximum or full capacity type.
- Other (e.g. clutch release bearings, ball and cage assemblies sold as complete unit, etc.), specify type.

Note: If ball bearings are unground, this should be indicated.

Roller Bearings, then indicate whether:

- Spherical
- Tapered, provide outside diameter of cup in millimeters. Also, show whether these are cup and cone assemblies being shipped together in sets, or cone assemblies being shipped separately. Also, if wheel hub units, this should be specified, and indicate if the wheel hub unit is flanged.
- Needle, provide dimensions (length and diameter) of rolling element in millimeters
- Cylindrical, provide dimensions (length and diameter) of rolling element in millimeters.

Note: If roller bearings are linear, this should be indicated.

Combination Ball/Roller or Roller/Roller, indicate types of elements

- Ball/Spherical Roller
- Ball/Needle Roller, provide dimensions (length and diameter) of rolling elements
- Ball/Cylindrical Roller
- Needle Roller/Cylindrical Roller
- Other, specify the particular elements present

Plain Shaft Bearings, then indicate

- Whether bearings are housed or unhoused
- Whether bearings are spherical or not

ATTACHMENT B

Housed bearings, then indicate

- Type of housing, whether flange, take-up, cartridge, hangar units, or other type
- Type of bearing incorporated and indicate information specified above for the roller elements of that particular type of bearing.

Bearing Parts, then indicate

- What type of bearing is it a part of
- Identity of part (i.e. cups, tapered roller, ball, ring, cage, etc).
- For balls indicate the intended use (i.e. ball bearings, CV joints).
- For needles, provide dimensions (length and diameter) of rolling element in millimeters
- Finishing Processes of Bearings/parts indicate if not completely finished, green, un-ground, etc.

ATTACHMENT C

The Toro Company (TTC) is committed to compliance with Rule 13p-1 under the Securities Exchange Act (the Conflict Minerals Rule) and takes its obligations under Securities and Exchange Commission and other regulations seriously. “Conflict Minerals” are columbite-tantalite (coltan), cassiterite, gold, wolframite and the derivatives tantalum, tin, and tungsten such that they directly or indirectly finance or benefit armed groups through mining or mineral trading in the Democratic Republic of the Congo or an adjoining country).

Suppliers are expected to establish their own Conflict Minerals programs, which include policies, due diligence frameworks consistent with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance)* and to otherwise conduct analyses and inquiries in a manner consistent with the requirements of the Conflict Minerals Rule applicable to companies that are subject thereto.

Without limiting the foregoing, Suppliers are expected to define, implement and communicate to their suppliers a Conflict Mineral Policy consistent with this Policy and the OECD Guidance. In addition, Suppliers are expected to work with their suppliers to ensure traceability of conflict minerals at least to the smelter or refiner level. Suppliers will be required to provide TTC, periodically and upon request, with origin and other information for all conflict minerals in the components, parts or products supplied to TTC. Suppliers are expected to require their direct and indirect suppliers to adopt policies, procedures, due diligence frameworks and management systems that are consistent with those contained or contemplated herein and in the OECD Guidance.

Suppliers who do not comply with the expectations and requirements set forth in this Policy may be reviewed and evaluated accordingly for future business and sourcing decisions.

Suspected violations of this policy should be reported to TTC. Reports can be made **through our ethics helpline website at <http://www.thetorocompany.com/ethicshelpline>** or by making a confidential call to our ethics helpline, where the operators speak the local language, at:

Australia	1-800-955-174
Belgium	0-800-100-10, followed by 1-800-850-7247
China	4006612175
Germany	0-800-225-5288, followed by 1-800-850-7247
Italy	800-797121
Mexico	001-844-237-4647
Poland	00-800-151-0270
Romania	0800477041
United Kingdom	0808-234-9109
United States	1-800-850-7247

ANTI-BRIBERY POLICY FOR BUSINESS PARTNERS [Attachment D]

Policy Statement:

Policy. The Toro Company's policy is to comply with all applicable anti-bribery laws and to accurately record all transactions in its financial records. **This Policy prohibits Toro business partners from promising, authorizing, offering or giving bribes to governmental officials and to non-governmental business partners.**

Application. This Policy applies to all business partners of The Toro Company and its subsidiaries. If you fail to comply with this policy, Toro reserves the right to terminate its business relationship with you.

Background. The U.S. Foreign Corrupt Practices Act (FCPA), U.K. Bribery Act (UKBA), and other anti-bribery laws around the world prohibit certain activities, such as providing gifts, political contributions, entertainment, and travel-related benefits to Government Officials. Although Toro policy prohibits bribes to anyone, interactions with Government Officials present higher risk and deserve special attention. Bribery of individuals not affiliated with government is also illegal in many countries and violates Toro's Code of Conduct. Under some circumstances, Toro may be liable for bribes or attempted bribes made or offered by Toro's business partners. Toro prohibits all forms of bribery, whether the bribe is made directly by Toro personnel or indirectly through a business partner.

Definitions:

Bribe. A bribe is the direct or indirect offer, authorization, gift or promise to give anything of value to another person, with the intent to gain business or an improper advantage as a result. A bribe may be money, offers of employment, discounts on Toro products not available to the public or to distributors, assumption or forgiveness of debt, personal favors, and certain business hospitality and other gifts.

Improper Advantage. An improper advantage is any benefit obtained with a bribe to which a company is not legitimately entitled. An improper advantage may relate directly to sales of company products, for example receiving inside information regarding competitive bids for a government contract. It may also include activities not directly related to sales, such as receiving preferential treatment from customs when importing a product.

Government Official. Government Officials include any:

- Government employees or elected or appointed officials at any level
- Government agents, such as customs, labor, health, environmental or safety inspectors
- Government standardization bodies or test lab employees
- Police officers
- Officer or employee of state-owned enterprises or utilities
- A political party, party official, or a candidate for political office

How To Comply:

Business Hospitality. Before you provide hospitality such as meals, entertainment, gifts, or travel and lodging arrangements on Toro's behalf, the following conditions must be satisfied:

- The hospitality must be reasonable in amount and offered or given in good faith and an open manner. 'Reasonable in amount' refers to both the value and the frequency of the hospitality. Lavish hospitality that exceeds standard business practice, cash payments and per diem expenses are strictly prohibited.
- The hospitality may be offered only if it is directly connected to the promotion, demonstration, or explanation of products or services, or the execution or performance of government contracts. Under no circumstances may the hospitality be offered or given where the purpose is to corruptly or wrongfully influence or induce government officials to misuse their official positions or affect their official acts.
- The hospitality may only be given directly to persons involved in the business transaction and not to their family members or friends.
- The hospitality must be legal under both U.S. and other applicable local laws and regulations.
- The hospitality must be authorized by management, purchased using company funds, and properly recorded in corporate books and records.

Subcontracting with Business Partners Outside the U.S. You must ensure that all subcontractors you engage to work on Toro business also comply with this policy.

Red Flags. You should monitor your relationships with subcontractors for "red flags" which may signal corrupt practices. Some examples of red flags include requests for:

- Cash payments
- Payments to bank accounts owned by a different individual or entity, or located in a different country
- Vague invoices or invoices for services never rendered
- Duplicate invoices or double payments
- The use of a specified agent (especially if the agent seems to lack credentials or experience)

You should follow the reporting guidelines listed below to report the presence of red flags in your business dealings.

Recordkeeping. You must properly, fully, and accurately record all transactions in your financial submissions to Toro to ensure compliance with anti-bribery laws and accounting rules. You must never attempt to disguise any aspect of a transaction in your financial submissions to Toro. If you make a payment to an agent who will use the funds to make a payment to another person or entity, you must accurately record both payments and the names of all recipients.

Additional Assistance And Reporting. Never hesitate to ask questions or report suspected or known violations anywhere in the Toro distribution channel. If you have questions regarding this policy or need to report a suspected or known violation:

- Contact your Toro company representative
- Email the Toro Legal Department at duediligence@toro.com