



## Anti-Bribery Policy for Business Partners

### Policy Statement

The Toro Company's (TTC) policy is to comply with all applicable anti-bribery laws and to accurately record all transactions in its financial records. This Policy prohibits TTC 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 TTC and its subsidiaries. If you fail to comply with this policy, TTC 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 TTC 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 TTC's Code of Conduct. Under some circumstances, TTC may be liable for bribes or attempted bribes made or offered by TTC's business partners. TTC prohibits all forms of bribery, whether the bribe is made directly by TTC 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 TTC 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 the 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 TTC'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 of the U.S.

You must ensure that all subcontractors you engage to work on TTC 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.

### Facilitation Payments

Facilitation payments are not allowed when acting for or on behalf of TTC. A facilitation payment is a financial payment that may constitute a bribe and is made with the intention of expediting an administrative process. It is a payment made to a government official that acts as an incentive for the official to complete some action or process expeditiously, to the benefit of the party making the payment.

## Recordkeeping

You must properly, fully, and accurately record all transactions in your financial submissions to TTC 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 TTC. 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 TTC distribution channel. If you have questions regarding this policy or need to report a suspected or known violation:

- Contact your TTC company representative
- Use the [Ethics Helpline](#)

## Frequently Asked Questions:

- **I am not an American citizen. How does this policy apply to me?**

The FCPA, UKBA, and several other global anti-bribery laws extend beyond national borders. As a business partner of TTC or its subsidiaries, it is likely that you are not only subject to the FCPA, but that you are also subject to the anti-bribery laws of your country of citizenship, your company's country (if you work for a TTC subsidiary), and the country where you are conducting business as well.

- **What is the easiest way for me to avoid a violation?**

Do not promise, give or receive anything other than the business materials required to conduct a business transaction. Ask yourself whether your actions, if publicized, would embarrass TTC or hurt its reputation. TTC expects to earn business due to the superior quality of its products and the strength of its reputation, not by breaking the law.

- **Does this mean I can't provide business hospitality on TTC's behalf?**

No. It is acceptable to provide business hospitality as long as it complies with this policy. Problems result from providing hospitality that is so lavish, extravagant, or frequent it could be seen as an attempt to obtain an improper advantage. Because the line between reasonable and unreasonable hospitality can often be difficult to draw and depends on many factors, you should consult with your TTC company representative before promising, offering, or providing such hospitality.

- **What if a customs official offers to quicken the customs clearing process to release a shipment stuck at the border in exchange for financial compensation?**

No, you cannot provide a customs official with compensation to expedite a clearing process. The requested payment would be considered a facilitation payment. Any request for facilitation payments must be declined.

- **I fear that my report of suspicious behavior may prove to be incorrect. What should I do?**

TTC expects your commitment to ethical behavior, and encourages you to be open and honest in your communications. If you are unsure about whether particular conduct has violated this policy or you suspect that a violation is about to occur, it is always best to err on the side of caution and report what you know to the Ethics Helpline. Waiting to report an anticipated violation until it materializes defeats TTC's ability to prevent it and save the company investigation expenses, fines and possible sanctions.