

CODE OF ETHICS

TOYA GROUP



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RECITALS

At the TOYA Group, we are committed to conducting our business and building customer trust while respecting generally applicable laws and ethical business practices. This is why a culture of compliance – acting in accordance with the law and the recommendations of the supervisory authorities – plays such an important role in our company. Each company within the TOYA Group is obliged to comply with the regulations of the country in which it operates.

The Code of Ethics is based on the findings of, among others, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, including the principles and rights set out in the eight fundamental conventions identified in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the principles and rights set out in the International Bill of Human Rights, but the main basis for defining the principles of conduct contained herein are the TOYA Group's values.

The TOYA Group's values are guiding principles that form the core of an ethical and responsible approach to business for both individual employees and the organisation as a whole:

→ **Responsibility** – we take responsibility for our daily tasks, our products and our environment.

→ **Growth and profit orientation** – we believe that growth and strong financial performance shall directly proportionally translate into a positive impact on the surrounding environment and stakeholders.

→ **Customer centricity** – our customers are always at the centre of our activities. We make every effort to build relationships with them based on trust and loyalty.

→ **Innovation** – we are ambitious, constantly trying to respond to market needs and looking for competitive advantages.

We know that we cannot address every challenge that the addressees of this Code of Ethics shall face. However, we want the TOYA Group's values to always guide our decision-making and the provisions of the Code to be seen as a guide to ethical behaviour.

PURPOSE OF IMPLEMENTING THE CODE OF ETHICS

1

Dear Sir/Madam,

The TOYA Group is gaining the trust of an ever-widening circle of customers thanks to the continuous development of its product range and its ongoing response to market trends. We have become one of the market leaders in tool distribution and sales, both in Poland and abroad. The above was possible, among others, due to the organic growth of the TOYA Group, consisting of TOYA S.A. with its registered office in Wrocław (the parent company), TOYA Romania S.A. with its registered office in Bucharest, YATO Tools (Shanghai) Co., Ltd. with its registered office in Shanghai and YATO Tools (Jiaxing) Co., Ltd. with its registered office in Baibu Town.

We operate with a global reach. With more than three decades of experience, we know that the success and future of the TOYA Group is inextricably linked to the decisions we all make. Our ambition is that the organisation's activities should be characterised by uniform and universal ethical standards, and that conduct consistent with our values should be a hallmark of the TOYA Group in every market where we are present.

In the Code of Ethics, we have included the most important principles guiding our activities, ranging from respect for human rights to care for the environment and compliance with applicable laws and market standards. The Code of Ethics provides a guideline for daily work and aids in day-to-day decision-making. At the same time, the Code of Ethics is an expression of the TOYA Group's commitment to sustainable development and care for the world around us, of which we are all a part.



We believe that the example comes from the very top. All employees of the TOYA Group are required to comply with the principles of the Code of Ethics without exception – members of the Management Board, managers, executives as well as professionals and all other persons associated with our organisation. It is very important to us that those in management demonstrate by their behaviour and decisions that our values are not just empty declarations, but form the core of the TOYA Group.

We also encourage all other market participants, including above all our customers and stakeholders, to act in accordance with the provisions of the Code of Ethics.

ADDRESSEES OF THE CODE OF ETHICS

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→ all persons working within the TOYA Group, regardless of their position or form of cooperation

We want the values described in the Code of Ethics to be the foundation of conduct for everyone involved in the TOYA Group. We should all be guided by these principles in our daily work and in shaping our relationships both within the TOYA Group and with those outside the Group, i.e. suppliers, customers and other stakeholders. Acting in line with the TOYA Group's values on the one hand aims to strengthen the trust of customers and other market participants in our organisation, and on the other hand, to help maintain a friendly workplace free of exclusion and discrimination.

→ contractors and suppliers of the TOYA Group

We also want to address the TOYA Group's principles of conduct to our suppliers so that together, as a single chain, we can strive to achieve the highest standards of conduct. We

hope that our values shall also be reflected in the behaviour of our suppliers and contractors. We expect these entities to commit to this Code of Ethics.

→ other stakeholders

The principles outlined in the Code of Ethics are also relevant to building relationships outside the organisation, so they are a statement to all our stakeholders. We are a socially responsible company that prioritises building partnerships with different stakeholder groups. By publishing the Code of Ethics, we are indicating how important it is for us to adhere to the values and principles listed therein and to set ourselves ambitious goals. We believe that these values are also shaped by close cooperation with our customers, shareholders and other market participants. The Code of Ethics reflects our commitment to sustainability, respect for the law, protection of the environment. It sets the standards and best practices we follow in conducting responsible and ethical business.



We recognise that our most valuable asset is our people. We want to create an inclusive working culture that supports qualities such as openness, creativity, innovation, satisfaction and self-expression. We are committed to ensuring that all TOYA Group employees feel safe at work and that the relationships created between us are both professional and friendly. We should all treat each other with respect and kindness, regardless of our differences. We are starting from the premise that this shall make the work not only a duty, but also a passion.

What is important to us?

1. Equal treatment and respect for employees' rights

We are committed to providing equal opportunities and treating our employees fairly, regardless of their background, beliefs, social class, gender, sexual orientation, age, marital status or disability. We respect the right to privacy and freedom of association.

We are committed to the equal treatment of all individuals, both in establishing or terminating employment relationships and in deciding on promotions and salaries. We assess colleague

es and job applicants according to their characteristics and qualifications that are directly relevant to their professional competence.

2. No forced or child labour

We do not accept forced labour or child labour. The TOYA Group companies and their employees are obliged to comply with all laws of the country in which they work.



3. Physical safety

The safety of our employees is extremely important. We cannot guarantee a completely risk-free environment, but we do our best to maintain the highest possible health and safety standards.

We provide employees with health and safety



training as well as the personal protective equipment necessary to maintain physical safety, while reports of health and safety violations are treated with the highest priority.

We work responsibly – we cannot expose colleagues to dangerous situations. We do not tolerate the consumption of alcohol or other psychoactive substances in the workplace, nor do we tolerate being under their influence while performing our duties.

4. No harassment or bullying

Every employee has the right to work in a healthy environment free from all forms of hostility and harassment deemed incompatible with the laws and customs of the country in which the TOYA Group operates.

Harassment and bullying refer to a range of unacceptable behaviours and practices or the threat thereof, whether one-off or repeated, which have the purpose, effect or likely effect of causing physical, psychological, sexual or economic harm

Any form of bullying, harassment, sexual harassment or discrimination is unacceptable, in particular on the grounds of gender, age, position, education, sexual orientation, religion, racial or ethnic origin, disability, world view or membership of an employee organisation, and any discriminatory behaviour shall be combated. Any breaches of the above rules should be reported immediately to superiors or staff in the human resources management unit.

Sexual harassment means verbal or non-verbal unwanted, unreasonable or derogatory behaviour relating to the sex of an employee

5. Improving skills

We know that the best results shall only be achieved through continuous development, which is why we ensure that employees, regardless of job location, age, gender and position, have access to training (both internal and external) to continuously improve their skills and knowledge throughout their employment.

6. Communication with employees

The TOYA Group is committed to ensuring that communication between employees and the employer is of the highest possible standard. We strive to comply with the disclosure obligations provided for by the laws of the countries in which the TOYA Group companies are based. We believe that engaging with employees and giving room for constructive criticism has great potential to strengthen the TOYA Group, but only by applying a high level of communication and being

open to the other party's point of view. Dialogue and respect for both sides are essential tools for achieving the best results and arriving at compromise solutions that satisfy all participants.



No less important to us are the ideas and initiatives of our employees, both in the business sphere (e.g. process improvement) and around the business sphere (e.g. activities promoting integration or involvement in local communities), so we encourage them to share them with their superiors.

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COMPLIANCE CULTURE

4

A compliance culture stems directly from our values and its implementation in the organisation is a process that requires commitment from our stakeholders. The success of our organisation depends to a large extent on the integrity and ethical correctness of the TOYA Group's operations

What is important to us?

1. Responding to the changing legal environment

We are proactive in ensuring that the changing legal environment is monitored on an ongoing basis and we are adapting to and training staff on these changes. Such efforts not only optimise processes, but also strengthen customer relationships and continuously improve the quality of the products we offer.

2. Corporate governance principles

An important element of the compliance culture is also the appropriate management of non-compliance risks, in which we are supported by the corporate governance principles. They help us to maintain good stakeholder relations, on the basis of these principles we create a compact and coherent organisational structure and ensure effective and efficient internal control systems.

We are committed to the highest management standards across the organisation. Subsidiaries operate on the basis of common values

for the entire TOYA Group while respecting the laws of the countries in which they are based. Proper governance and transparency enhance our image in the eyes of stakeholders, customers and all other people and stakeholders in our business.

3. Regular internal and external controls

We are implementing and improving internal control practices and management systems. On an ongoing basis, we identify the major risks that exist in the context of the TOYA Group's operations and endeavour to minimise them. Guided by the global experience of the organisation, we take a responsible approach to business and reduce situations where unwanted incidents may occur.



The transactions carried out are subject to regular authorisation, and we make efforts to minimise the risk of fraud and unauthorised operations. Through internal financial controls and external audits, we are assured that our financial statements have been prepared correctly and in accordance with the true state of affairs.

Therefore, within the TOYA Group, we have adopted a number of procedures to regulate various aspects of our business.

4. Protection of personal data and confidential information

The TOYA Group makes reasonable efforts to ensure that IT systems are adequately secured and that our employees are trained in the secure processing of confidential information, including personal data. In doing so, we ensure compliance with country-specific information security regulations. We are aware that the secure processing of personal data strengthens the comfort of individuals – whether they are our customers, their representatives or our employees.

Confidential information such as customer and supplier data, contracts, marketing and finan-

cial information, price lists, marketing plans and business plans, strategies, forecasts, budgets, research work, procedures, patent applications, research and development process, specifications, know-how, formats, plans, sketches, drawings, models, product samples, discoveries and improvements and any other information, procedures or documents are important assets of the TOYA Group that are essential to the organisation's performance and competitive advantage.

We are committed to ensuring the security of confidential data for all those involved in our business. It is not permissible to disseminate it to persons not authorised to have access to such information, even if they are our collaborators. We take care to protect our business secret data to the extent required by the laws of the respective state.



COUNTERACTING CORRUPT PRACTICES AND AVOIDANCE OF CONFLICTS OF INTEREST

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As an informed organisation, we know that corruption and conflict of interest are a major challenge in business dealings. Behaviour bearing these characteristics hinders progress and innovation and results in decisions being made on non-meritorious grounds. The TOYA Group does not make its operations conditional on accepting or giving any benefit in return for preferential treatment. We believe that the only right approach is integrity and this is what we expect from our employees, suppliers, contractors and other stakeholders.

What is important to us?

1. Counteracting corrupt practices

We oppose any practices bearing the hallmarks of bribery and corruption. We are aware that corrupt conduct by employees or business partners is punishable, distorts competitiveness and leads to damage to the TOYA Group's as-

EXAMPLE

Question: The festive season is approaching and I want to give a small gift to a customer. What do I need to know and how do I prepare for this?

Answer: Giving gifts is a standard and well-regarded behaviour to strengthen our relationship with the customer. However, the company's anti-corruption policies and the customer's cultural background must be taken into account to ensure that the gift is not seen as an attempt to give a financial benefit and that no one is offended.

sets and reputation. We show integrity in our relationships, both with government officials and with customers and contractors. We only provide benefits to our business partners, customers and other external parties within the framework of legally permissible business conditions and defined standards. In every country in which we operate, we comply with applicable laws and good business practices.

2. Avoiding conflicts of interest

By conflict of interest we mean circumstances known to us that may create a conflict between the interests of the TOYA Group or a related person and the duty to act with integrity, taking into account the best interests of our customers and stakeholders. Conflicts of interest jeopardise objectivity in the work carried out and may therefore lead to a breach of the law or a loss to our organisation. We make every effort to identify and manage such situations in a manner consistent with the laws and good business practices of the country in which we operate.

EXAMPLE

Question: One of our customers is delaying payment of an invoice. It turns out that this customer's chief accountant is a good friend of mine from university. Can I handle this customer's matters?

Answer: Such a situation bears the hallmarks of a conflict of interest. You may not have an objective view of our customer's actions and therefore there is a likelihood of inappropriate decisions being made that could expose us to loss – for example, you could hold off sending a reminder or call for payment for fear of a negative reaction from your colleague. The customer's matters should be handled by a person who is not related to the customer.

The customer is the focus of our attention. Responsibility for the customer is also responsibility for the product, its quality and safety. We attach importance to both product design and functionality. All this is to gain the trust of our customers. Conduct in accordance with this Code of Ethics demonstrates the utmost respect for our customers.

What is important to us?

1. Concern for quality

We strive to provide our customers with the highest quality, safe and reliable products. We endeavour to eliminate, as far as possible, the risk that our products could adversely affect or endanger the health, safety or property of our customers or third parties.

We strive to meet our customers' expectations and needs while complying with the law. We ensure that the goods on offer comply with all required consumer health and safety standards. By working with trusted suppliers, we are able to see our products through all phases of their life cycle.



2. Development, expansion and improvement of the product range

Our aim is not revolution, but evolution. We constantly strive to develop our products, while ensuring their safety and highest quality.

The TOYA Group analyses market trends in the light of customer demand. We strive to respond

to the needs of the market, whether in the hand tool sector or advanced power tools for specialised applications.

We want end-users of these products to be able to find tools in our range that meet their expectations, while at the same time complying with all the legal requirements stipulated in each country in terms of quality and workmanship.

3. Ethics in sales and marketing activities

We strive to ensure that our marketing strategies are carried out in line with accepted market standards and the TOYA Group's values. We do not allow marketing that is misleading or

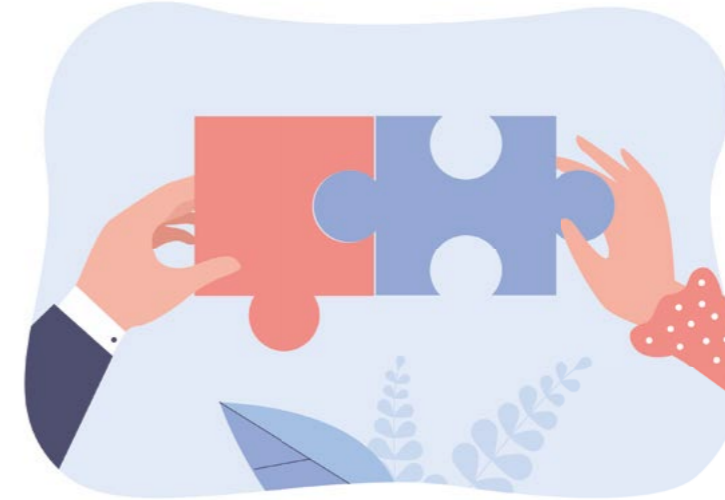
contains false information. We want our actions to enable customers to make informed purchasing decisions, which is why we provide them with reliable, verifiable and clear information, including but not limited to pricing, composition, safe use, environmental labelling, maintenance, storage and end-of-life handling.

We are open to working with state authorities to prevent and combat unfair market practices.

4. Consumer rights

The TOYA Group is committed to strict compliance with consumer rights legislation in the European Union and in the various countries in which it operates.

We are committed to winning new customers and keeping existing customers satisfied. We are aware that without respecting their rights, we could not build a positive customer relationship with our brands. We are committed to ensuring that the business is continuously monitored for compliance with consumer rights regulations. We monitor recommendations from authorities relating to our areas of activity and respond to the changing regulatory environment.



We are committed to ensuring that all information regarding the sales offer is transparent. Our value is to take care of our customers at every stage of the use of the products on offer from the TOYA Group. We provide after-sales service at the highest possible level. We are aware of how important it is for customers to be able to resolve disputes fairly, simply, in a timely, efficient and out-of-court manner and to benefit from redress mechanisms without incurring unnecessary costs or burdens. We provide appropriate channels

and mechanisms for commenting on the products offered by the organisation and procedures for dealing with such requests.



Being the owner of strong brands with global reach is not only an honour, but also a huge responsibility. We are aware that our functioning has an impact on our surroundings. We take responsibility for the risks and opportunities arising from the business, and seek to mitigate the negatives and enhance the positives that may arise from it.

What is important to us?

1. Responsibility for impact

The products offered by the TOYA Group are available to customers on almost all continents. We are an international organisation aware of its role in the global market. Operating in a multicultural environment and working with contractors from different latitudes is an added value for us, which influences our continuous organic growth.

We know that we have a responsibility to identify and adequately assess the impact of our work, which is why it is so important for us to conduct our work in an ethical and sustainable manner. We strive to prevent negative impacts of our activities and, if they occur, to minimise them as far as possible.

We keep abreast of the changing geopolitical environment and adapt our processes to the current situation related, for example, to cooperation with countries, organisations or individuals subject to international sanctions.

2. Fair competition

One of the most important elements in maintaining a healthy and sustainable economy is to act in accordance with the rules and principles of fair competition. The TOYA Group operates in accordance with the regulations and recommendations of the competition authorities in the countries in which we are present. We compete with our competitors on the basis of legal compliance and accepted ethical values. We stigmatise any behaviour aimed at entering into agreements that break these principles, and we promote fairness and respect in our relationships among business partners and other stakeholders.



Suppliers are crucial to our business. We recognise their hard work and commitment to continuous product improvement. We understand that good mutual cooperation must be based on strong foundations, and these are our values. The TOYA Group adheres to high standards of business ethics and integrity and requires its suppliers to commit to recognised ethical standards and business practices, including those arising from international documents such as the OECD Guidelines for Multinational Enterprises.

What is important to us?

1. Competitiveness of suppliers

We support the competitiveness of our suppliers in a lawful manner to achieve mutual business benefits. We want the selection of suppliers to be done on a competitive basis, after comparing the prices, quality, parameters and suitability of the products offered. We make a transparent and fair selection based on objective criteria, both financial and non-financial (e.g. compliance with the TOYA Group's values).



2. Respect for human rights

We want our business partners to replicate our values. Every supplier is committed to respecting human rights, including fair working conditions. In particular, we expect that each of our suppliers shall:

- not discriminate against employees on the basis of their sex, colour, origin, religion, disability, union membership, political opinion or sexual orientation, and shall comply with all relevant legislation on the prohibition of discrimination in the workplace;
- respect workers' rights to freedom of association;
- not employ workers under duress or workers serving prison sentences to work against their will;
- remunerate employees fairly and comply with local wage legislation and/or collective agreements or, in the absence thereof, remunerate employees in such a way that the remuneration meets at least their basic needs;
- comply with national laws and regulations regarding working time, wages and salaries, and employer benefits;
- not tolerate the use of child labour in any area of its activities;
- ensure safe and healthy working conditions for all its employees.

3. Open dialogue and verifiability

The organisation's ambition is to have an open dialogue with its suppliers in order to share best practices in corporate sustainability and collaboration with its stakeholders.

We encourage our suppliers to adhere to policies aimed at preventing, mitigating, remediating actual and potential impacts, addressing risks and exploiting sustainability opportunities.

TRANSPARENCY OF ACTION

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Operational transparency and efficient communication with stakeholders are a key value for our organisation. The data we make available reflects facts that are relevant to different stakeholder groups, providing them with a reliable insight into our business.

What is important to us?

We comply with the regulations on proper book-keeping and financial reporting. Our reporting complies with relevant national legislation and accounting standards: it is complete, correct, timely and in line with the relevant systems. The TOYA Group discloses timely and reliable

information on key matters relating to its business, including but not limited to its organisational structure, financial position, performance, ownership and governance.



LOCAL INVOLVEMENT

10

We want local involvement to manifest itself in all our activities. As an international organisation, we place importance on the impact we have on the local community.

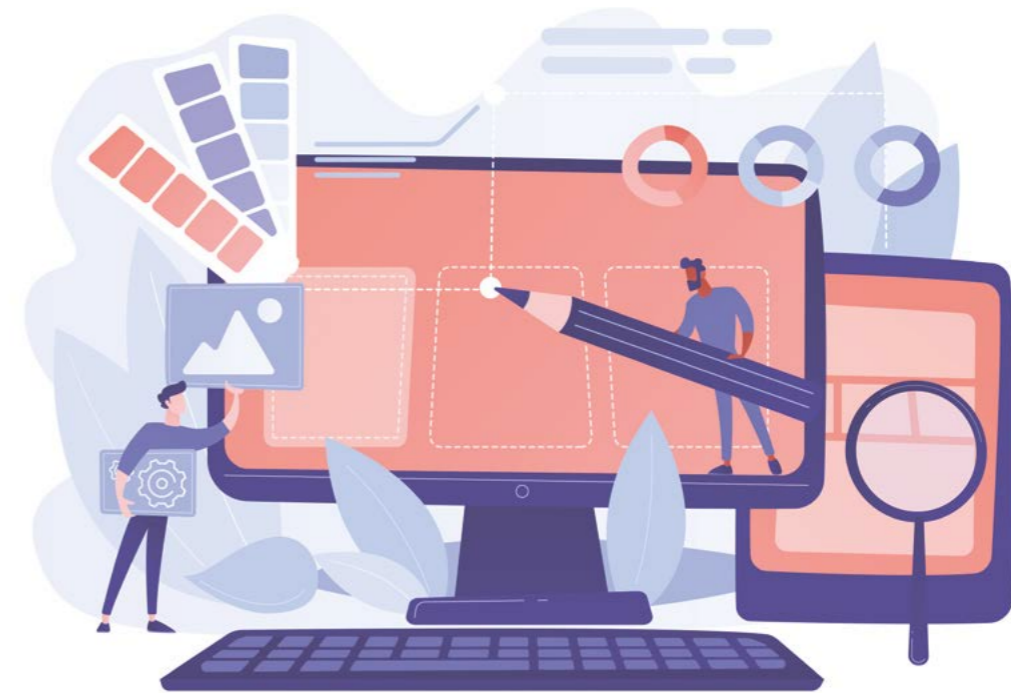
What is important to us?

We are a stable employer with hundreds of qualified professionals. As far as possible, we seek to employ local workers, thereby contributing to reducing unemployment levels and increasing the prosperity of local communities.

We are part of society and want to participate in its life. We engage in social, educational and cultural projects that correspond to our values.

We respect regional customs and aim to work as closely as possible with both local authorities, universities and NGOs. The TOYA Group supports all its employees in volunteering or undertaking other social initiatives.

We apply fair and timely tax returns in all locations where we operate, thus contributing to the development of these countries and regions.



CONCERN FOR THE ENVIRONMENT

11

We know how important the environment is for our stakeholders and ourselves. We carry out our activities in compliance with the regulations governing environmental protection principles and adapt to their changes on an ongoing basis.

What is important to us?

We are introducing solutions that minimise the TOYA Group's negative impact on the environment, such as reducing the amount of waste generated and using environmentally friendly means of transport. We use electricity and natural resources rationally. We strive to ensure that the products we offer meet the ecological needs of our customers, and with the contrac-

tors we are looking for ways of organic production and distribution.

We are involved in projects aimed at shaping environmentally friendly habits related to the disposal of used and unnecessary items that are generated in households, companies, institutions or commercial establishments



REPORTING VIOLATIONS OF THE CODE OF ETHICS

12

We know that it is not possible to foresee and describe in the Code of Ethics all situations in which we shall encounter ethical difficulties. It is important that we do not hesitate to ask for help and advice in moments of doubt.

It is worth remembering that acting against our values harms the entire organisation, which is why it is in good faith to report any situation of violation of the Code of Ethics whenever we witness or become aware of such an incident.

For the TOYA Group employees, the first point of contact should always be the immediate superior. Compliance issues should additionally be consulted with staff in the compliance function and employee issues with staff in the human resources management function. Employees can also use the external breach reporting channel indicated below.

Each of the TOYA Group companies establishes channels to receive and analyse all reports of violations of the Code of Ethics.

Each of the TOYA Group companies provides submitters with a local channel that best meets the needs and expectations of stakeholders.

Submissions should be made in person or by sending an e-mail to: :

- for TOYA S.A.
– ethics@yato.pl
- for TOYA Romania S.A.
– ethics@yato.ro
- for YATO Tools (Shanghai) Co., Ltd.
– YATO@YATO-SH.COM
- for YATO Tools (Jiaxing) Co., Ltd.
– YATO@YATO-SH.COM

Those responsible for receiving reports are obliged to keep all information received (including the reporter's personal data) confidential. Submissions can be made anonymously.



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