



## *CTB, Inc. Business Conduct & Ethics Policy*





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*A MESSAGE FROM VICTOR A. MANCINELLI*

TO: All CTB Employees

RE: Ethical Business Practices

Please take the time to carefully read our policy regarding ethical conduct and being responsible. This policy document reinforces the high ethical standards that are expected from all of us and which, at CTB, we expect from ourselves. Our first core value is “Integrity In All Things.” (CTB Core Values stated on Page 4).

These business guidelines are simple: always do the right thing, and if you see something wrong, you need to report it. As always your first line of communication should be with your direct supervisor and business unit leaders. If that fails, the information contained in this document gives you the proper procedures to move your concern to a higher level, anonymously if desired.

CTB, Inc. will continue to maintain an “Open Door Policy” for all employees. We encourage all of our people to discuss any personal concerns or other matters with your front line managers or Human Resources representatives.

Please stay alert and help keep the heritage of the Company for ethical and legal conduct intact.

Victor A. Mancinelli  
Chairman & CEO  
CTB, Inc.



## ***OUR POLICY***

It is the policy of CTB, Inc., including its divisions and subsidiaries, both in the United States and in other Countries (collectively “CTB”) that the Company’s operations strictly comply with all laws and regulations that apply to any of its activities and operations. CTB is committed to doing the right thing, and this Business Conduct & Ethics Policy (“Policy”) serves as a valuable resource to help employees and others make informed, ethical decisions.

### ***WHO DOES OUR POLICY APPLY TO?***

Our Policy applies to all CTB employees, officers and board members, at all of our locations around the world. Further, we expect that our business partners, including joint ventures, contractors, dealers, distributors, agents, vendors and other third parties, share our commitment to ethics and compliance, and act in a way that is consistent with this Policy, as they can have a direct impact on our reputation through their behavior. Appropriate measures will be taken where we believe someone has not met these expectations.

### ***OUR VALUES***

Our Policy requires individuals to act in accordance with the highest legal, moral, and ethical standards, as well as in accordance with the following CTB Values:

INTEGRITY IN ALL THINGS  
CUSTOMERS ARE WHY WE EXIST  
PROFITABILITY IS A MUST  
EXCELLENCE IN ALL WE DO  
PEOPLE MAKE THE DIFFERENCE

Our Policy is not exhaustive, and because no policy on conduct can cover every possible situation, CTB relies on you to use good judgment and to speak up when you have questions or concerns.

Operating in many different countries, as CTB does, means there may be times where local regulations, laws or customs conflict with our Policy. Whenever there is a conflict like this, you must follow the strictest standard. Do not follow customs that violate our Policy. Additionally, even if a particular law or regulation is not discussed here, you must ensure that you are in compliance with that law or regulation.

### ***WHEN SHOULD I REPORT A POSSIBLE ISSUE?***

Immediately. Each employee has a responsibility to report any violations of the Policy right away. Any employee who has a question whether particular conduct could be illegal, or involve any unethical or improper act, should promptly report his or her concerns in accordance with our reporting procedure outlined in this Policy.

### ***WHAT HAPPENS IF SOMEONE VIOLATES THE POLICY?***

Based on the severity of the circumstances, employees will be subject to the appropriate discipline up to and including immediate dismissal, and if appropriate, pursuit of other legal remedies. Business partners may be subject to termination of CTB’s relationship with them or another form of appropriate corrective action depending upon the severity of the circumstances.

### ***WHEN IN DOUBT, REMEMBER WARREN BUFFETT’S RULE OF THUMB...***

*“...I want employees to ask themselves whether they are willing to have any contemplated act appear the next day on the front page of their local newspaper – to be read by their spouses, children and friends – with the reporting done by an informed and critical reporter.” - Warren Buffett, Chairman & CEO of Berkshire Hathaway*

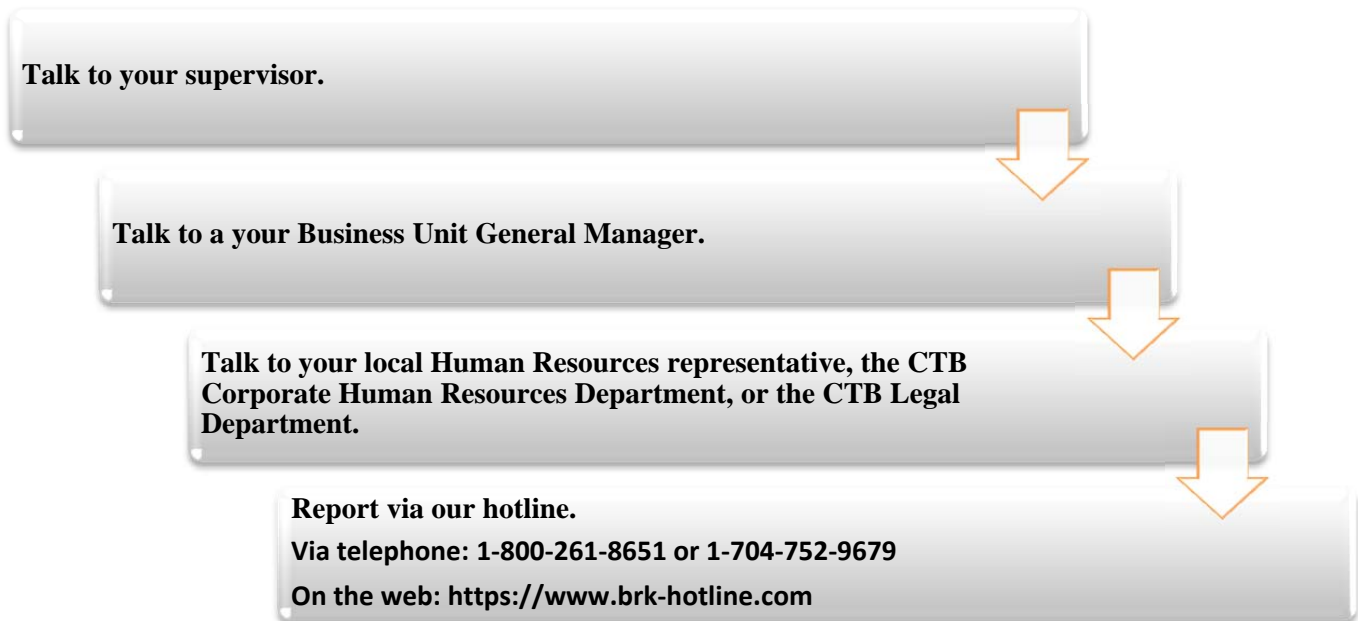
## **RESPONSIBILITIES**

| ALL EMPLOYEES  | MANAGERS  |
|--|---|
| <ul style="list-style-type: none"> <li>• Read and familiarize yourself with our Policy.</li> </ul>   | <ul style="list-style-type: none"> <li>• Promote a culture of compliance with the Policy from the top down.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Always act in ways that are consistent with our Policy and the laws and regulations of the jurisdiction where you work.</li> </ul>            | <ul style="list-style-type: none"> <li>• Ensure that your employees receive the necessary training to act in accordance with their responsibilities under the Policy.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Ask questions if you are unsure about what is expected of you, or if you are unsure about whether or not something is appropriate.</li> </ul> | <ul style="list-style-type: none"> <li>• Help your employees to understand the Policy, and what is expected of them. Distribute copies of the Policy regularly, and help employees obtain copies when requested.</li> </ul>     |
| <ul style="list-style-type: none"> <li>• Report concerns if you become aware of possible violations of our Policy immediately.</li> </ul>  | <ul style="list-style-type: none"> <li>• Ensure that your employees are encouraged to speak up, ask questions, and that no one experiences retaliation for doing so.</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Fully co-operate when you are asked for information pursuant to an investigation or audit.</li> </ul>   | <ul style="list-style-type: none"> <li>• Seek guidance from your local Human Resources representative, the CTB Corporate Human Resources Department, and/or the CTB Legal Department for questions about the Policy.</li> </ul> |
| <ul style="list-style-type: none"> <li>• Be familiar with the laws and regulations affecting your job responsibilities.</li> </ul>   | <ul style="list-style-type: none"> <li>• Enforce the Policy and hold your employees accountable for their behavior in a consistent manner.</li> </ul>   |

### ***WE DO NOT TOLERATE RETALIATION***

CTB does not tolerate retaliation in any form. Any such behavior against someone who has raised concerns in accordance with their duties under this Policy must be reported immediately. Such behavior will be deemed misconduct and subject to appropriate discipline, up to and including dismissal.

### ***HOW DO I REPORT A CONCERN?***





## ***ANTI-BRIBERY***

CTB does not tolerate bribery and corruption in any of its forms in our business. Additionally, we expect our employees and business partners to comply with the US Foreign Corrupt Practices Act (“FCPA”) and other similar laws which prohibit bribes, kickbacks and favors to foreign government officials and/or other individuals in order to obtain an improper business advantage.

Sales of CTB’s products and services, and purchases of products and services of suppliers, shall be made solely on the basis of quality, price and service and **never** on the basis of giving or receiving payments, gifts, entertainment or favors. Furthermore, no employee shall purchase privileges or special benefits through payment of bribes, illegal political contributions, or other illicit payments or otherwise give anything of value to any person, government official, and/or individual involved in commercial business dealings with CTB, in order to influence inappropriately any act or decision.

We **PROHIBIT** any employees from offering or accepting bribes, kickbacks or any other kind of improper payment including facilitation payments in order to obtain an improper business advantage for CTB.

We **PROHIBIT** dealers, distributors, agents, vendors and/or any other CTB business partners from offering or accepting bribes, kickbacks or any other kind of improper payment including facilitation payments in order to obtain an improper business advantage for CTB or themselves.

We **REQUIRE** that accurate books and records be kept so that payments are fully described and CTB funds are not used for unlawful purposes.

We **REQUIRE** that due diligence procedures be followed in order to ensure that we know who we are doing business with.

Under the FCPA, anything at all of value is considered a bribe when given to a government official in order to obtain an improper business advantage. There are circumstances under which providing inexpensive items to a foreign official may be permissible under the FCPA and other similar laws. For instance, providing gifts of nominal value such as pens or mugs with the company logo, without any intent to influence the official, is generally not unlawful. Before providing even nominal gifts to a foreign official, you must confirm that doing so is permitted by local law. Where permitted, gifts to foreign officials may be made **only** when they are (1) made to promote general goodwill and not as a *quid pro quo* for any official action, (2) of very modest value, (3) not in the form of cash, (4) customary in type and value in the country where made, (5) given openly and not secretly, and (6) accurately reflected in CTB’s books and records.

**Willful blindness is not permitted.** Those who suspect or see indications that corrupt payments or offers of payment are being made on CTB’s behalf must not “look the other way” or ignore the indications.

**Government officials include a broad range of individuals.** A Government official is not just those persons who work directly for a Government agency, but also individuals who work for State owned companies.

**Anything of value is considered a bribe under the FCPA.** There is no minimum value that is considered acceptable.

The FCPA permits paying bona fide and reasonable travel and lodging expenses for government officials if the expenses relate directly to (1) the promotion, demonstration or explanation of products or services, or (2) the execution or performance of a contract. To ensure compliance with the FCPA, our Policy permits paying such expenses **only** upon the advance written approval of our CFO and Corporate Controller. Where such expenses are approved for payment, any payment must be made to the third party provider (for instance, an airline or hotel) rather than to the foreign official, and any such payments must be supported by receipts and be properly documented and recorded in CTB’s books and records. Under no circumstances shall per diem payments or allowances be provided to a foreign official, nor shall payment for any portion of expenses be incurred by CTB for any spouse or other family member of a foreign official.

The FCPA requires that issuers of U.S. securities and their majority owned subsidiaries do the following: (1) have procedures in place to ensure that all transactions and dispositions of assets are accurately reflected in the company's books and records, and (2) devise and maintain a system of internal accounting controls sufficient to assure management's control, authority and responsibility over the company's assets. Thus, all transactions must be recorded in a timely, consistent and accurate manner in terms of amount, accounting period, purpose and accounting classification. Furthermore, we must abide by the following rules:

- Each transaction or disposition of assets by CTB must have proper authorization.
- Receipts must be obtained and kept for any travel, gifts or entertainment provided to a government official.
- No secret or unrecorded fund or asset of CTB shall be created or maintained, and no accounting balances shall be created or maintained that do not have documentary support, are fictitious in whole or in part, or have no reasonable basis in fact.
- No checks of CTB may be written to "cash," to "bearer," or to third-party designees of a party entitled to payment.
- Other than documented petty cash transactions, no cash transactions may be made unless 1) prior approval from the CTB Finance Department and CTB Legal Department has been obtained and 2) such transaction is evidenced by a receipt bearing the signature of the recipient and the recipient is a party with whom CTB has a written contract.
- Access to systems of accounting or financial records shall not be given to individuals without proper authorization.
- Destruction or removal CTB's records may be undertaken **only** in compliance with CTB's record retention policy.

While the FCPA applies only to bribes and kickbacks paid to foreign officials, improper payments to other persons may violate other U.S. laws or the local law of the country in which such payments are made. Our Policy is more restrictive, and expressly prohibits the offering or payment of bribes or kickbacks to any person under any circumstances, whether the recipient is domestic or foreign and whether or not the recipient is a foreign official. Thus, for example, CTB employees must not offer or pay anything of value to customers or prospective customers or their employees to induce them to award business to CTB or to obtain any other improper advantage. CTB employees must also not receive such payments from any person or company in return for providing an improper advantage such as awarding business to such person or company.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered or accepted by an Employee or any family member of an Employee unless it (1) is consistent with customary business practices, (2) is not excessive in value, (3) cannot be construed as a bribe or payoff and (4) does not violate any laws or regulations. The offer or acceptance of cash gifts by any Employee is prohibited. Covered Parties should discuss with their supervisors, or the CTB Legal Department any gifts or proposed gifts which they think may be inappropriate.

Commissions shall not be paid directly or indirectly to a customer on purchases for its own account. All agreements appointing sales agents, dealers and distributors, must contain an express provision prohibiting the sales agent/dealer/distributor from passing on any part of its commission to a customer, as well as a provision certifying that the sales agent/dealer/distributor will abide by all U.S. and local laws concerning anti-bribery, kickbacks, and improper payments. Further information can be found in CTB's Commission Policy maintained by CTB's Corporate Finance Department.

#### **U.S. DOJ & SEC GUIDANCE**

CTB Employees who are employed in management, sales, purchasing, human resources, customer service, finance, treasury, tax, credit, IT, and/or supervisory positions must review and understand the Resource Guide to the U.S. Foreign Corrupt Practices Act published by the U.S. Department of Justice and the U.S. Securities and Exchange Commission. This guide contains important and helpful hypothetical examples. A copy of the guide can be obtained on the CTB Legal Department Intranet site, or by visiting <http://www.justice.gov/criminal/fraud/fcpa/guidance/guide.pdf>.

## **INTERNATIONAL TRADE LAWS**

CTB requires compliance with all applicable economic and trade sanctions and embargo programs under U.S. law, United Nations resolutions and foreign laws and regulations.

- The United States has also instituted economic and trade sanctions programs prohibiting certain imports, exports, offshore transactions and financial transactions with designated individuals, entities and groups, without prior U.S. government approval. The U.S. government identifies such individuals, entities and groups by putting their names on various lists. Collectively, the persons on these lists are known as “Specially Designated Nationals” or “SDNs,” and appear on the U.S. Office of Foreign Assets Control (“OFAC”) master list. The SDN List is currently available on the internet at: <http://www.treas.gov/offices/enforcement/ofac/sdn/index.shtml>. Sanctions with respect to international trade can be complex, and may change frequently. If you are involved in transactions, such as business dealings with a sanctioned country, entity or person, you must ensure compliance with all applicable trade laws.
- Products intended for import or export including equipment, software, and technology, must be classified in advance, and all required labeling, documentation, licenses and approvals must be completed.

### **IMPORTANT!**

CTB Employees shall **NOT** engage in, facilitate or approve any transactions that directly or indirectly involve Cuba, Iran, Sudan, North Korea or Syria. If a CTB Employee is contacted by a third party proposing such a transaction, the Employee must contact the CTB Legal Department immediately for guidance; or

In addition to the above prohibited countries, CTB Employees shall **NOT** engage in, facilitate or approve any transactions that directly or indirectly involve persons or groups within certain specified countries or regions, including the Balkans, Belarus, Myanmar (Burma), Cote d’Ivoire (Ivory Coast), the Democratic Republic of the Congo, Iraq, Lebanon, Libya, Russia, Somalia, Yemen and Zimbabwe, without the written prior authorization of the CTB Corporate CFO and Controller.

CTB Employees **MUST** check the SDN List to ensure that they do not engage in, facilitate or approve any transactions that directly or indirectly involve persons or groups on the SDN list due to their involvement in Transnational Criminal Organizations, Narcotics Trafficking, Terrorist Organizations and/or proliferators of Weapons of Mass Destruction. No Employee may engage in, facilitate or approve any transaction, or conduct any activities with, any person on the SDN List, whether directly or indirectly.

After February 6, 2013, Section 13 of the U.S. Securities Exchange Act of 1934 requires that certain issuers registered with the Securities and Exchange Commission (“SEC”), including CTB’s parent company Berkshire Hathaway, disclose in their public filings and in separate reports to the SEC if the issuer or any of its affiliates has knowingly engaged in certain specified activities related to Iran. For these issuers, quarterly and annual reports filed after February 6, 2013 must include disclosure on all of the reportable activities that occurred during the period covered by the report (*e.g.*, for an annual report, during the fiscal year), even if the activities occurred before February 6, 2013. Disclosure is required regarding the activities of CTB, which is considered an affiliate of Berkshire Hathaway under the law. A broad range of activities is reportable, generally relating to Iran’s energy sector, military capabilities and suppression of human rights. For instance, issuers must disclose when they or any of their affiliates knowingly engage in any of the following:

- Certain activities relating to Iran’s petroleum industry, such as providing insurance or reinsurance contributing to Iran’s ability to import refined petroleum products or export crude oil;
- Certain activities facilitating Iran’s ability to acquire or develop conventional weapons or weapons of mass destruction;
- Certain activities supporting Iran’s acquisition or use of goods or technologies that are likely to be used to commit human rights abuses against the people of Iran; and
- Any other transactions or dealings with the Government of Iran.

In addition, the law requires that issuers disclose any transactions or dealings with any person designated as a global terrorist or proliferator of weapons of mass destruction on the SDN List (whether or not relating to Iran).

The required report must include detailed information such as the nature and extent of the activity, gross revenues and net profits (if any) attributable to the activity, and whether the company intends to continue the activity. Such information is made available to the public, and may result in an investigation or imposition of sanctions by the U.S. government.

To ensure compliance with the law, Employees are **PROHIBITED** from engaging in activities involving or relating to Iran, and/or persons from Iran appearing on the SDN List.

The U.S. government controls the export, directly from the United States or indirectly through a foreign country, of any items and related technical data specifically designed, modified or configured for military, intelligence or space application through the International Traffic in Arms Regulations (“ITAR”). ITAR dictates that such information and material may only be shared with U.S. persons, absent a special exemption or authorization from the U.S. Department of State. It is the policy of CTB to comply fully with ITAR, and any questions or concerns about these restrictions should be directed to the CTB Legal Department.

### ***ANTI-BOYCOTT LAWS***

U.S. anti-boycott laws require that U.S. companies and their foreign subsidiaries refuse to participate in foreign boycotts that the United States does not sanction. Although the anti-boycott laws apply to all non-U.S.-sanctioned boycotts imposed by foreign countries, the Arab League’s boycott of Israel is the principal foreign economic boycott affecting companies. CTB requires full compliance with all applicable U.S. anti-boycott laws.

CTB employees may not take any action that directly or indirectly supports the boycott of Israel or any other foreign boycott not sanctioned by the United States.

### ***BUSINESS PARTNER DUE DILIGENCE***

Prior to selecting, retaining and renewing any third party (including any consultant, dealer, distributor, commercial agent or joint venture partner) who will represent CTB in transactions with customers or in interactions of any kind with Government Officials, CTB employees responsible for such selection, retention and renewal shall conduct appropriate due diligence concerning the prospective third party.

Such due diligence shall include, at a minimum, a review of the third party’s character, qualifications, experience, financial stability, reputation for integrity, and proven ability to provide the services for which it is being retained. Factors militating against retention of a third party include any unusual requests for compensation and any unusual payment, shipment or destination terms.

#### **Know your customers and business partners! Due diligence includes (but is not limited to)...**

- SDN List Checks      - D&B Reports      - Public Business Records      - Web & Social Media Info.
- Public Legal Filings      - Investigative Reports      - News articles      - Checking Business References
- Most importantly, talking to the customer/business partner, and asking them about their business practices, ownership structure, government ties, ethics policies and practices, and gaining an understanding of who they are and how they conduct their business.**

## ***THEFT AND DISHONESTY***

Any act by an employee which involves theft, fraud, embezzlement, misappropriation, commercial bribery and/or any form of wrongful conversion of CTB property (including trade secrets of CTB) or another, is strictly prohibited. Further, any conduct by an employee which involves any type of fraud or deception with respect to CTB, a customer, a supplier, or any other individual is strictly prohibited.

No undisclosed or unrecorded fund or asset shall be established for any purpose. Additionally, no false or artificial entries shall be made in the books and records of CTB for any reason and no Employee shall engage in any arrangement that results in such prohibited act. Finally, no payment shall be approved or made with the agreement or understanding that any part of such payment is to be used for any purpose other than that described by documents supporting the payment.

## ***SALES AND MARKETING PRACTICES***

Proper sales and marketing practices must emphasize the quality, service and competitive features of CTB products and services. Such efforts should focus on providing accurate information to our customers so they can make informed decisions. Sales and marketing activities that could embarrass or harm CTB, its employees, its customers, (or violates the laws and regulations of any U.S. or foreign government agencies) are strictly prohibited.

It is the Company's intent to avoid the use of misleading advertising. In order to ensure that all advertisements or other marketing communications are not deceptive or misleading, they must be reviewed by: 1) the Business Unit General Manager 2) the CTB Marketing Department, and 3) (where appropriate) the CTB Legal Department.

Examples of prohibited Sales and Marketing Practices:

- Using deceptive or misleading statements;
- Attempting to induce individuals to place their personal interests above those of the companies or organizations they represent (e.g. kickbacks and/or providing money, loans, gifts, etc., that might appear to be designed to influence business decisions);
- Attempting to restrict competition by: a) Inducing a competitor or customer to breach a contract with a third party; b) Obtaining unauthorized access to classified or proprietary information or documents; and/or c) Securing an unfair competitive advantage;
- Violating any law or regulation; or
- Engaging in any activity that could damage the Company's reputation.

Sales employees who deal with customers are required to have knowledge of and be familiar with these procedures on proper sales and marketing practices and with any laws, regulations, or customer-imposed rules that apply to the sales and/or marketing of CTB products and services.

Employees must be cautious and avoid even the mere appearance of a conflict of interest, and must alert management of the situation right away.

Any employees who have had a previous employment relationship with a CTB customer are responsible for alerting their immediate supervisor to this fact and ensuring that their dealings with such customer are permissible under applicable policies, rules and regulations.

## ***CONFIDENTIALITY, INTELLECTUAL PROPERTY AND FAIR DEALING***

Employees must maintain the confidential nature of the sensitive information entrusted to them, except when disclosure is authorized by the CTB Legal Department or required by law or regulation. Confidential information includes all non-public information that might be of use to competitors or harmful to CTB, its employees, or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the CTB. Keep in mind that the obligation to preserve this confidential information continues even after employment ends. More information concerning confidentiality and inside information policies can be found in your employee handbook.

### **Important!**

- Information obtained from the public domain is a legitimate source of competitive information, but a trade secret obtained through improper means is not.
- Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by employees of other companies is prohibited.
- If a competitor's proprietary information is offered to an employee, the employee must refuse to accept it and contact the CTB Legal Department immediately.
- Employees may not use, copy, distribute, or display any idea, symbol or material which is currently protected by a valid patent, copyright, or trademark, without the written authorization of the owner.

### ***ENVIRONMENTAL PRACTICES***

CTB is committed to operating its facilities in a manner that protects human health and safety as well as the environment. CTB believes in promoting environmentally sound business practices. Thus, employees are expected to abide by compliance rules and procedures set forth to ensure consistent, effective compliance with health and safety regulations. Employees are also encouraged to substitute non-hazardous or less hazardous materials for hazardous materials whenever possible. Employees are expected to observe proactive risk management procedures to enhance measures to protect human health and safety and the environment; and abide by emergency prevention and response plans in compliance with applicable regulations. Finally, employees responsible for management of current and future hazardous waste disposal contractors shall make sure such contractors are fully qualified for such function and are operating in a safe and lawful manner.

### ***WORKPLACE SAFETY***

The US Occupational Safety and Health Act of 1970, and other similar non-US based laws, form the basis of CTB's goal of safe and healthful working conditions. The safety and health of our employees continues to be the first consideration in the operation of this business. Safety and health in our business must be a part of every operation. Without question, it is every employee's responsibility at all levels. Further information concerning our workplace and health policies can be found in your employee handbook.

It is the intent of CTB to comply with all laws and regulations. To do this we must constantly be aware of conditions in each employee's work area that can produce injuries. No employee is required to work at a job that he or she reasonably believes is not safe or healthful. Additionally, every employee's cooperation is expected in detecting hazards, and in turn, addressing them appropriately. Finally, all employees must inform their supervisors immediately of any situation beyond the individual's ability or authority to correct.

Employees are responsible for wholehearted, genuine cooperation with all aspects of these safety and health policies and procedures, including compliance with all rules and regulations and for continuously practicing safety while performing their duties. Employees must follow all posted safety regulations, verbal safety instructions from supervisors, and common practices for health and safety.

### ***DISCRIMINATION AND HARASSMENT***

CTB is committed to providing a workplace free of inappropriate conduct because of someone's race, sex, religion, age (40 or over), national origin, disability, citizenship status, or any other category protected by law. It is strictly prohibited for any employee, to harass another CTB employee, applicant, customer, vendor or business partner. Further information concerning Anti-Harassment policies and reporting procedures can be found in your employee handbook.

Examples of inappropriate conduct include, but are not limited to:

- Epithets, slurs, negative stereotyping, or threatening, intimidating or hostile acts that relate to race, color, religion, sex, national origin, age or disability.
- Unsolicited and unwelcome comments or conduct of a sexual nature or that are demeaning to women or men as a group;
- Unsolicited and unwelcome demands or requests for sexual favors or social or sexual encounters;
- An explicit or implicit promise of preferential treatment in exchange for sexual favors or sexual activity.

### ***COMPANY RESOURCES***

Employees are expected to use good judgment in the use of CTB resources. Any personal use of CTB resources must not result in significant added costs, disruption of business processes, or any other disadvantage to the CTB. Use of CTB resources for non-work purposes is appropriate **only** when specifically authorized by CTB policy or when the user receives authorization from his or her supervisor. Supervisors are responsible for the resources assigned to their respective departments, and are empowered to resolve issues concerning their proper use.

Employees using Company equipment for personal purposes are accountable for that use. Employees, who have custody of materials, equipment, and information belonging to CTB or its suppliers or customers, must comply with all Company policies relating to the use, maintenance, storage and protection of such items.

CTB communication systems are provided for the conduct of Company business. As used in this policy, the term “Electronic Communications System” means any electronic mail, voice mail, local area networks, the Internet, or other access systems, chatrooms, discussion groups, electronic bulletin board postings, or similar systems or devices, now or hereafter owned, leased, operated, maintained or managed by CTB; and the term “messages” means all messages, files or other data created, uploaded, downloaded, sent, received, posted or stored on any Electronic Communications System.

Use of CTB E-mail systems involves additional considerations and requires special care. Employees must bear in mind that CTB E-mail is not private and its source is clearly identifiable. E-mail messages sent utilizing the Electronic Communications System remain the property of CTB and part of CTB, Inc. business records. E-mail may not be used to send messages that contain obscene, profane, or otherwise offensive language or material. All Employees must refer to the Company policies on E-mail posted on the computer network prior to using Company E-mail. All Covered Parties must strictly follow all policies stated therein. Occasional personal use by Employees of the Electronic Communications System is permitted within the following guidelines:

- The use is of reasonable duration and frequency;
- CTB, Inc. incurs no added costs, such as unreasonable long-distance telephone charges;
- The use is not related to any illegal activity or the conduct of outside business;
- The use is not in support of any religious, political, or outside organization activity, except for Company-approved support to non-profit organizations at the direction of CTB Management; and
- The use does not interfere with the performance of Company business and the Employee’s assigned duties.

The Electronic Communications System is provided by CTB as a business tool. Employees shall have no expectation of privacy with regard to all use of the Electronic Communications System. CTB reserves the rights to monitor, access, retrieve and read all messages for any reason, with or without cause, and to disclose any message to law enforcement officials or other third parties, without any prior notice to the originator or recipient of the message. Except within the above guidelines, messages or files should be limited to the conduct of CTB business only.

Inappropriate messages, which are intended to annoy, harass or which would be deemed offensive, will not be tolerated. If you would not send it in a memo, letter or say it in public, do not send it by e-mail, voice mail, etc. CTB’s existing policies regarding personal conduct and communications, including without limitation, the policies prohibiting racial and sexual discrimination and harassment, apply equally to these modes of communication.



Employees are expected to utilize reasonable efforts to safeguard their assigned password and login information, and are responsible for any actions taken using their assigned login and password information. In addition, Employees are expected not to leave e-mail messages on their screen while away from the computer.

Employees should avoid sending messages that are of a confidential nature to other e-mail or access systems unless reasonably necessary in the course of business. No “material non-public information” (information that is not available to the public at large that could affect the market price of a security and to which a reasonable investor would attach importance in deciding whether to buy, sell or retain the security), unlicensed copyrighted material, or trade secret material may be posted, E-mailed, uploaded or downloaded by Employees without the express consent and authorization of CTB. Inappropriate sending or posting of material non-public information may result in substantial civil and criminal penalties such as fines and/or imprisonment. Please contact CTB’s Legal Department if you have questions regarding what constitutes material non-public information.

Office equipment, such as personal computers and copiers, is provided for the conduct of Company business. The Company and its organizations may incur costs based on the rate of usage of such equipment. Employees may not use a Company mainframe, PC system, or data network for any non-Company purposes except when such use is in accordance with Company policies and procedures. Occasional personal use of personal computers, copiers, or similar office equipment is permitted within the following guidelines:

- The use should be infrequent and minimal;
- The use must not be related to any illegal activity or the conduct of an outside business;
- The use should not be in support of any religious, political, or other outside organization activity, except for Company requested or approved support to nonprofit organizations as directed by Management;
- The equipment should be used on an off-hour work basis, such as during lunch time or before or after work hours;
- The use should not interfere with the performance of Company business or an Employee’s assigned duties; and
- There should be no incremental cost to the organization or the cost should be insignificant.

All Employees must comply with the policies and procedures stated in this subsection. Violation of these policies and procedures will subject an individual to appropriate disciplinary action. Issues concerning appropriate use of Company resources within a particular work group are to be resolved by the Management of that group or Department.

### ***CONFLICTS OF INTEREST AND CORPORATE OPPORTUNITIES***

A conflict of interest may exist when an employee is involved in an activity or has a personal interest that might interfere with the employee’s objectivity in performing their employment duties and responsibilities at CTB. Therefore, any such activity or personal interest that may create a conflict of interest, including those activities or interests of an employee’s immediate family, is prohibited unless approved in writing by the Business Unit General Manager. Activities that create the appearance of a conflict of interest must also be avoided in order not to reflect negatively on the reputation of CTB and its employees. Lastly, employees are prohibited from using corporate property, information or position for improper personal gain and no employee may compete with CTB directly or indirectly. Employees owe a duty to CTB to advance its legitimate interests whenever possible.

Examples of Potential Conflicts of Interest:

- Outside employment in areas similar to those in which CTB is involved;
- Outside work for customers, suppliers, vendors, or competitors of CTB;
- Other activities that have the potential to affect the employee’s objectivity and work performance;
- holding a financial interest in a business matter of a supplier, customer, or competitor of CTB;
- An employee holding a passive investment interest (defined as a purely financial involvement in an organization for which the employee provides no managerial or decision making functions) in an organization which exceeds one percent (1%) of the organization’s interest in that particular category of investment (e.g. stocks, bonds, or other securities) if such organization is in any manner competitive with, or provides goods or services to, CTB;



Conflicts of interest are not always clear-cut, so if you have a question, you should talk to your supervisor, local human resources representative, CTB's Corporate Human Resources Department, or the CTB Legal Department.

### ***ANTITRUST LAWS***

The purpose of antitrust law is to promote free enterprise. CTB expects all of its Employees to comply with antitrust and competition laws of each jurisdiction in which it operates. Antitrust laws have implications on interactions, sales, purchases, or discussions that involve competitors, customers, or suppliers. Employees must not engage in any pricing or other competitive practice having for its purpose the destruction of competition, the elimination of a competitor, blocking the market entry of a potential competitor, or otherwise acting contrary to established public values or the public interest. Further, CTB employees must avoid potential antitrust violations and also avoid creating the appearance of impropriety. It is important for all Employees to prepare written communications with these provisions in mind.

As a general rule, CTB is free to select its own customers and suppliers, but it must do so independently. The CTB Legal Department should be consulted before CTB refuses to sell to any qualified customer or prospective customer other than for a valid credit reason, legal reason, or because of an existing distributorship or dealership in the territory in question, since refusals to sell may lead to antitrust litigation. Moreover, no resale price agreements shall be entered into with any customer. Additionally, CTB products are to be made available to customers on a fair and equitable basis, without discrimination in price, unless a lower price is justified by a demonstrable cost savings to CTB. Any price reduction must be in good faith. CTB does not wish to induce a preferential price from a supplier if there is reason for the CTB to know that the price is discriminatory and cannot be justified by lower costs to the supplier or by the need for the supplier to meet competition.

CTB is not legally required to market its products through distributors or dealers. However, CTB may enter into voluntary distributorship and/or dealership agreements. Certain non-price, territorial, and customer limitations, such as location clauses, may be permissible in certain circumstances. These would include entering into new markets; conducting promotional activities; maintaining, repairing, and servicing facilities. Before any such limitation is used with any distributor or dealer, the advice and approval of the CTB Legal Department must be obtained and a written distributor contract must be used. Distributors and Dealers may not be set-up or terminated without the approval of CTB's Credit Manager, General Counsel and CEO through CTB's formal distribution application and due diligence process.

#### **Did you know?**

Violations of certain US antitrust laws are considered felonies. They carry personal fines of up to \$350,000 and imprisonment for up to three (3) years. An antitrust violation may also subject CTB to fines of up to \$10,000,000, injunctions, and substantial monetary damages. Moreover, newer laws provide for penalties to corporations of twice the pecuniary gain derived from the crime, or twice the pecuniary loss caused to the victim.

### ***SECURITIES LAWS***

Federal securities laws and regulations prohibit the purchase or sale of a security at a time when the person trading in that security possesses material, non-public information concerning the issuer of the security, or the market for the security, which has not yet become a matter of general public knowledge and which has been obtained or is being used in breach of a duty to maintain the information in confidence. A person is determined to be an "insider" based upon his/her level of responsibility within CTB and/or his/her access to material, non-public information. "Material, non-public information" includes information that is not available to the public at large that could affect the market price of the security and to which a reasonable investor would attach importance in deciding whether to buy, sell or retain the security.

Examples of material information:

- Impending bankruptcy or financial liquidity problems;
- Projections by a corporation's officers of future earnings or losses;
- News of a pending or proposed merger or acquisition, or a tender offer or exchange offer;
- News of a significant sale of assets or the disposition of a subsidiary;
- Changes in dividend policies or the declaration of a stock split or the offering of additional securities;
- Changes in management;
- Significant new products or discoveries; or
- The gain or loss of a substantial customer or supplier.

What is considered non-public?

- Information that has not been made available to the public through appropriate channels (e.g., by means of a press release or a statement from one of the corporation's senior officers) with enough time having elapsed to permit the investment market to absorb and evaluate the information.

To avoid potential liability, employees and their immediate family must not purchase or sell securities of any company when they are aware of any material, non-public information about the company, regardless of how that information was obtained.

CTB's officers, directors, and certain employees, must not purchase or sell securities of any company known or believed to be a significant customer of or significant supplier to CTB, unless the approval of the Company's General Counsel is first received. These restrictions apply whether or not such officer, director or employee possesses specific material, non-public information.

The rules of this section also apply to any third party acting on behalf of a CTB officer, director, employee or family member of an employee. This includes investment managers or brokers who has discretionary authority to engage in securities transactions the individual's behalf.

## APPENDIX 1: ADDITIONAL HYPOTHETICALS

(See also hypotheticals contained in: “A Resource Guide to the U.S. Foreign Corrupt Practices Act,” published by the U.S. Department of Justice at [www.justice.gov/criminal/fraud/fcpa/guidance/guide.pdf](http://www.justice.gov/criminal/fraud/fcpa/guidance/guide.pdf))

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**It is discovered that a representative of Sam Suppliers, Inc., a supplier of CTB for years, offered a discount on its products to Mateo, a purchasing agent for CTB. The supplier’s representative contacted Mateo and informed him that if he needed *any* products Sam’s carries, to let him know and he would give Mateo 20% off if he paid in cash. Mateo comes to you. What do you do?**

As to Mateo, an employee or immediate family member is prohibited from giving or receiving gratuities, gifts, or favors in connection with his employment at CTB, unless such item is a commonly distributed item of nominal value given for advertising or promotional purposes or is of modest value and is consistent with local business customs. As to Supplier, the same standard applies to customers and suppliers. Mateo may not receive such a gift or favor from a supplier of CTB. To do so would be a violation of Company policy and would not be consistent with local custom. Moreover, the representative’s request of payment in cash would appear inappropriate under these circumstances. Taking action against the supplier’s representative such as notifying his immediate supervisor would be appropriate. Severing the relationship with the supplier may be considered.

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**Sophie Accountant, accountant for CTB, operates a side business selling cosmetics. Many of Sophie’s customers frequently call her at work and order products during her work hours and she leaves during work hours to pick up and deliver products. Anne’s supervisor learns of this information. What should Sophie’s supervisor do in this case?**

CTB communication systems are provided for the conduct of Company business. However, occasional personal use by employees of telephones, facsimile machines, and voice mail and E-mail systems is permitted within the policy guidelines. However, CTB employees are prohibited from using Company resources to conduct outside business. Sophie’s supervisor should conduct a reasonable investigation of the facts. If the investigation confirms a violation of Company policy, her supervisor should take appropriate disciplinary action against Sophie with the guidance of the Human Resources and Legal Department.

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**Yosef Product Manager, an employee of CTB, attended a recent meeting with a vendor of CTB. During the meeting, the vendor made a sales pitch about a new product his company plans to introduce soon on the market. Yosef determines that the product would not be helpful to CTB. However, Yosef thinks the new device could be a real breakthrough and useful for other industries. Yosef is willing to take a risk so he immediately buys 100 shares of the vendor company’s stock. Was his conduct appropriate?**

Directors, officers and employees of CTB who possess material information about those companies it does business with, and which has not been disclosed publicly, are subject to legal obligations with respect to their personal use or disclosure of such information. The personal use or disclosure of “material inside information” is prohibited by securities laws and is a violation of the Company’s Business Conduct Policy. Securities exchange laws are designed to ensure that persons with corporate information do not take advantage of such information by trading in the securities of those companies it does business with as long as such information is not available to other members of the public. Disclosing such “inside” information to others (“tipping”) is also prohibited. Yosef’s conduct was illegal. It was a violation of securities laws and of the CTB Business Conduct Policy. His conduct could subject him to criminal fines and/or imprisonment. Any CTB employee who is aware of Yosef’s conduct has a duty to report the matter to the appropriate Management personnel or the Legal Department. If Yosef had waited until the new product had been publicly announced, then he could have purchased shares of that company without violating any laws or Company policy.

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**Maxim Manufacturer is a precision welder for CTB. Maxim’s wife Louise is a local businesswoman. Louise is a partner in a company that is involved in the purchase of CTB real estate. Maxim is unsure of the propriety of the transaction his wife is negotiating. He discusses the matter with his supervisor. How should Maxim’s supervisor respond?**

A conflict of interest may exist when an employee is involved in an activity or has a personal interest that might interfere

with the employee's objectivity in performing Company duties and responsibilities. Therefore, any such activity or personal interest, including those of the employee's immediate family, is prohibited unless formally approved by Management. An actual conflict of interest need not be present to constitute a violation of these policies. Activities that create the appearance of a conflict of interest must also be avoided in order not to reflect negatively on the reputation of CTB and its employees. Maxim was correct in informing his supervisor. Although an actual conflict may not exist based on Maxim's job responsibilities, all facts should be reviewed to determine whether circumstances exist that may create the appearance of a conflict, which must also be avoided. Maxim and his supervisor should notify the Legal Department and disclose the information. The Legal Department can then provide proper guidance as to the propriety of the facts in this case.

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**CTB has need for machine tool services. It has been purchasing the services from the only two local machine tool operations in the area, but both of these are operating at capacity. Bill, an employee of CTB, owns some machine shop equipment and during after-work hours has performed services for other local companies, which are not competitors of CTB. On occasion, his partner Phil, who is not a CTB employee, has helped out Bill from time to time. Bill's job with CTB includes the purchase of machine shop services. One day he needs to purchase these services and goes to the two local machine shops. Both are busy and won't be able to give him the results as fast as he needs. CTB has a large order, which it will lose if it can't get the proper tooling. Bill gets a couple of quotes from machine shops in other cities that can meet the time requirements but at a price well above what he has been paying. The services must be performed. Bill goes to his boss and says, "Phil will perform these services in my machine shop for less than the out-of-town shops. Here, sign this purchase order." Should Bill's boss sign the purchase order? What are some of the considerations?**

Without the prior disclosure to, and approval of, CTB Management personnel, an employee may not be a supplier individually to CTB. A Company employee who in any way influences decisions with respect to the Company's business with a supplier may not hold any position with the supplier, whether as a director, officer, employee, or agent, nor have any financial interest in the supplier. In this case, since Bill, the employee, and his friend are partners in the machine tool operation, Bill's supervisor must disclose the information to the appropriate Management personnel. If Bill's supervisor obtains approval from the appropriate Management personnel, then the machine tool services may be purchased.

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**Able, who operates an import business in Brazil, approaches Sally, CTB Sales Representative. Able indicates that he can obtain an order for materials for a large Brazilian installation. He indicates that he has "friends in influential positions." He states that he normally works on a commission basis of 10 percent of the contract price, but in this instance he will need 20 percent. He suggests that Sally merely include the higher commission in her bid. Sally's experience is that normal commissions in Brazil are in the 5 to 10 percent range. Should Sally enter into the arrangement with Abel?**

No employee may give, offer, or accept anything that can be construed as a bribe, kickback, or an illegal or unethical payment in connection with the Company and its business. The Company will pay fees to consultants only at competitive rates and commensurate with services performed. Moreover, the United States Foreign Corrupt Practices Act of 1977 (FCPA) prohibits United States companies, their shareholders, directors, agents, officers, and employees, from the payment or authorization for the payment of any money, or the giving or authorization of the giving of anything of value, directly or indirectly, to a foreign official to obtain or retain business or for an illegal or unethical purpose. Awareness of a high probability that payment of money or anything of value is being made to a foreign official for an improper purpose is sufficient to create criminal and civil liability under the FCPA. This arrangement must not be entered into without evidence which would demonstrate the legitimacy of the high commission and assure that no improper payment is being made. Because of the severe sanctions under the FCPA, Sally should seek guidance from Management and the Legal Department.

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**Nellie Newhire, a 24-year-old female, applies for a job at CTB. The only opening is for a fabricator. The job requires lifting 45 pounds or more. Nellie is qualified in every respect for the job but the Human Resources representative doesn't think she can lift 45 pounds on a regular basis. The Human Resources representative asks Nellie to undergo a lifting test. The representative was right and Nellie could hardly lift 40 pounds. The representative declines to offer Nellie the job. Later, the job is filled with a large male who the representative is sure can lift the requisite weight. One month later, CTB receives notice that Nellie has filed suit against the**

**Company, claiming that she was not hired because of her gender and that CTB engaged in unlawful discrimination against her. Does Nellie have any basis for her claim? What could have been done to avoid the problem?**

It is the policy of CTB to afford equal employment and advancement opportunity for all qualified individuals without distinction or discrimination because of race, color, sex, religion, age, national origin, physical disability or mental disability. These policies apply to all employees and applicants for employment and to all aspects of the employment relationship, including recruitment, hiring, promotion, transfer, training, compensation and benefits. Since the Human Resources representative administered a lifting test to Nellie, the female, but not to the male applicant, there is an inference that she was discriminated against on the basis of her gender. The representative should have administered the same lifting test to all applicants for the position. If the test was consistently applied and Nellie could not lift the requisite amount, CTB would have had a legitimate business reason for not offering Nellie the position.

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**After a market study, Mathis Marketing Manager, a CTB employee, learns that the region within 300 miles of Smalltown, Texas and within 400 miles of Bigtown, Oklahoma can only support one grain bin distributorship. CTB announces that it will enter into a distributor agreement with a business in Smalltown, Texas. One week later, Barneby Bins, Inc. announces its intention to enter into a distributor agreement with a business in Bigtown, Oklahoma. Concerned about the competition, Mathis contacts a representative of Barneby Bins. He proposes that CTB and Barneby Bins agree that CTB will not enter into a distributor agreement in Bigtown, Oklahoma if Barneby will not enter into a distributor agreement in Smalltown, Texas. Was Mathis' proposal appropriate?**

No company may enter an agreement with a competitor respecting sales, production, price, and other competitive activities. Such conduct is an unlawful restraint of trade and violates antitrust laws. Under these circumstances, Mathis' conduct was illegal and in violation of antitrust laws. His conduct would subject him to criminal and civil liability. Moreover, if any of Mathis' supervisors new of the conduct, failed to report it, and somehow ratified the conduct, CTB could be criminally and civilly liable under antitrust regulations.

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**Liam Regional Salesman, a CTB employee, regularly submits expense reports, claiming reimbursement for lunches and dinners with CTB customers. A Sales Department audit discloses that Liam has not in fact had lunch or dinner with any customers. What should the Sales Manager do?**

Any conduct by a CTB employee which involves any type of fraud or deception with respect to the Company, a customer, a supplier, or any other individual, shall subject such employee to discipline regardless of whether the conduct results in a criminal proceeding. Examples of fraud or deception include kickbacks of money, property or favors; billing a customer for goods the customer did not receive; or providing false receipts or invoices. In this situation, Liam, having filed false reports is subject to disciplinary action, up to and including dismissal.

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**Polly Purchasing Agent for CTB learns that a new raw material the Company is hazardous to the environment. However, the new raw material only costs half as much as the raw material the Company was previously using. What should Polly do?**

CTB is committed to operating its facilities in a manner that protects human health and safety, as well as the environment, in compliance with safety and environmental laws. As a CTB employee, Polly has a duty to fulfill the intent of the Company's environmental safety policies. Polly has a duty to report the information to the appropriate CTB personnel.

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## NOTES





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