

# Addendum B

## The Hillman Group, Inc.

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### Code of Business Conduct and Ethics

#### PURPOSE

The purpose of this Code is to:

- A. Detect and stop illegal, unethical or dishonest behavior that may occur as soon as reasonably possible after it is discovered;
- B. Prevent the occurrence of illegal, unethical or dishonest behavior; and
- C. Take appropriate actions to discipline those who engage in illegal, unethical or dishonest behavior or who otherwise violate this Code.

In addition to this Code, certain officers are required to comply with *Hillman Section 406 of the Sarbanes-Oxley Act Code of Ethics*. These officers are relying upon our commitment to comply with this Code when they certify compliance with their obligations under the *Hillman Section 406 of the Sarbanes-Oxley Act Code of Ethics*.

#### POLICY

It is the policy of Hillman to conduct its business in a legal, ethical, and honest manner.

#### SCOPE

This Policy applies worldwide to all employees and Officers of Hillman and all of its consolidated subsidiaries and to the members of the Board of Directors of Hillman. The definition of “employee” as used throughout this policy includes all employees and officers of Hillman and all of its consolidated subsidiaries and, unless specifically stated otherwise, also includes the members of the Board of Directors of Hillman.

#### PROCEDURES/GUIDELINES

##### ***A. Accuracy of Public Communications***

All Hillman employees are required to provide reliable and accurate data to, and otherwise assist, the Chief Executive Officer and senior financial officers to discharge their responsibilities to establish and maintain adequate and effective disclosure controls and procedures. These controls are designed to provide assurances to Hillman and its shareholders that disclosures of material information related to Hillman and its consolidated subsidiaries in its periodic reports filed with, or submitted to, the Securities

and Exchange Commission and other public communications are full, fair, accurate, timely and understandable.

***B. Accuracy and Integrity of Books and Records***

All Hillman books, records and accounts must accurately reflect the nature of the transactions recorded. All assets and liabilities of the Company must be recorded in the regular books of account. No undisclosed or unrecorded fund or asset may be established in any amount for any purpose. No false or artificial entries may be made for any purpose. No payment may be made, or purchase price agreed to, with the intention or understanding that any part of the payment is to be used for any purpose other than that described in the document supporting the payment. This policy is not limited to accounting and auditing personnel. It applies to all employees, including anyone negotiating and authorizing sales and purchase contracts, submitting expense reports, or preparing or paying invoices.

***C. Ethics & Compliance in the International Community***

Hillman is committed to maintaining high standards of business conduct in the United States and abroad. The Company and its employees must comply with all local laws of the countries in which Hillman conducts business, applicable international and inter-governmental regulations and all U.S. laws that apply to international activities. If the substantive provisions of a local law are more restrictive than the Code, employees must comply with the local law; in all of those instances employees must follow the stricter Code, policy, practice or law.

In the event the Code is translated into local languages and a conflict exists between the English language version and the local language version, the English language version of the Code controls.

If an employee conducts business outside of the U.S., the employee must be familiar with the laws and regulations of each country in which he or she works and be aware of the following U.S. laws and regulations. Violations of these laws can result in substantial fines, imprisonment and severe restrictions on Hillman's ability to do business.

***Foreign Corrupt Practices Act and the Organization for Economic Cooperation and Development's ("OECD") Convention on Combating Bribery of Foreign Public Officials in International Business Transactions***

The Foreign Corrupt Practices Act ("FCPA") and the OECD Convention (and ratifying legislation enacted by the signatories to the OECD Convention, which include many countries in which Hillman currently has operations) make it a crime to promise or give anything of value to a government official or political party in order to obtain or keep business or obtain any improper advantage. It is also illegal to make payments to agents, sales representatives or other third parties if an employee has reason to believe his or her gift will be used illegally.

1. Every officer, employee and agent of Hillman must keep records that reflect all

transactions and dispositions of Hillman's assets for domestic and foreign business activities.

2. Employees must report FCPA and OECD Convention concerns to their business unit management and seek advice from Human Resources for interpretation of the laws.

### **Anti-Boycott Laws**

As a U.S. based company, all operations, including foreign subsidiaries, must comply with U.S. laws pertaining to foreign boycotts. It is against the law to cooperate in any boycotts between foreign countries not sanctioned by U.S. law. Hillman must not:

1. Refuse to do business with any country, company or person as a condition of the sale of goods or services to the boycotting country; or
2. Respond to requests from boycotting countries for information about our business relationships with boycotted countries or blacklisted companies or individuals.

All requests for boycott support or boycott related information must be reported to the U.S. government. These requests may be oral or may appear among terms and conditions of anything from bid requests to shipping instructions. It is not enough to simply ignore or delete the request.

1. Please contact Human Resources for a current list of countries subject to boycott.
2. Report all requests for boycott support or boycott-related information to Human Resources.

### ***Treasury Embargo Sanctions / Specially Designated Global Terrorist Lists***

The treasury department's Office of Foreign Assets Control prohibits U.S. companies and their foreign subsidiaries from doing business with certain countries, agencies, and certain individuals and organizations, including specially designated global terrorists. The regulations and their application to foreign subsidiaries vary depending on the country and the type of transaction and often change as U.S. foreign policy changes.

If an employee is aware of any sensitive political issues with a country in which Hillman is doing, or considering doing business, the employee should seek advice from Human Resources.

### ***Export Control Restrictions***

To prevent sensitive goods, technology and software from falling into the wrong hands, exports of these products and technical information to certain countries or individuals are restricted. These restrictions may also apply to transfers between Hillman and its foreign subsidiaries.

An “export” is defined as any method of conveying data to foreign individuals or companies, verbally or in writing, including sales, training and consulting, and product promotion, even if these activities occur in the U.S.

Because these control restrictions are designed to further U.S. foreign policy and national security goals, they are subject to change. Obtain technical and legal guidance to identify the applicable rules before exporting such goods or technology.

***D. Honest and Ethical Conduct***

Hillman expects employees to act honestly and ethically at all times and to comply fully with the policies comprising this Code.

***E. Avoidance of Conflicts of Interest***

Employees are required to avoid conflicts between their personal interests and the interests of Hillman and to disclose any activities, financial interests or relationships that may present an actual or potential conflict of interest. Employees should therefore avoid any investment, interest or association that interferes or might interfere with the objective or independent exercise of their best judgment or with the performance of their responsibilities in the best interests of Hillman.

Specifically employees should:

1. Deal with suppliers, customers, competitors, or other employees and all other persons doing business with Hillman in a fair and objective manner without favor or preference based upon personal financial considerations;
2. Not accept from or provide to any supplier, customer or competitor any gift, entertainment or other benefit, including payments or loans, except as expressly permitted under this Code;
3. Not own any financial interest in or hold any employment or managerial position with any firm or corporation that is a competitor of, or that does or seeks to do business with Hillman, if that interest or position might influence any decision in the performance of the employee’s duties; and
4. Not seek or accept, or offer to give, any payments, fees, loans, services or gifts from or to any person or firm as a condition or a result of doing business with Hillman.

Hillman’s policy does not prohibit gifts of nominal value, normal business meals and entertainment, the exchange of customary reciprocal courtesies between employees of the Company and their business associates, and similar customary and reasonable expenditures to promote general business goodwill.

The expenditure for or receipt of gifts and entertainment that are more than nominal in value must be authorized in writing by the employee's supervisor. The provisions contained in this paragraph do not apply to sales contests and incentive trips for the benefit of the Company that are authorized in writing by an officer of Hillman. All such contests and incentive trips are to be conducted fairly and in accordance with applicable laws and are subject to Hillman's policies related to the approval of business related expenses.

With respect to gifts to and entertainment of government officials or employees, this policy is subject to the provisions on "Governmental Payments" described herein.

Hillman's objective is to compete in the marketplace by providing superior products and services at competitive prices. No payment or anything of value in any form shall be given directly or indirectly to anyone anywhere in the world for the purpose of obtaining or retaining business, or to obtain any favorable action.

Every new employee is required to sign a Potential Conflict of Interest Statement (attached).

***F. Governmental Payments***

Employees should not directly or indirectly give, offer or promise any form of bribe, gratuity or kickback to a United States official or employee, or any state, local or municipal official or employee.

It is Hillman's policy to comply in all respects with the United States Foreign Corrupt Practices Act and with all other laws applicable to payments to government officials. It is Hillman's policy that no employee may directly or indirectly pay, give or offer money or anything of value to any foreign government official, employee or representative, or to any foreign political party, or candidate for, or incumbent in any foreign political office, in order to assist in obtaining, retaining or directing business. Accordingly, all laws of foreign countries must be strictly observed.

***G. Corporate Opportunities***

Employees may not take for themselves opportunities that are discovered, through the use of Company property, information or the employee's position, for personal gain or to compete with Hillman. Employees owe a duty to Hillman to advance its legitimate interests when the opportunity to do so arises. Employees also owe a duty not to participate in activities adverse to Hillman's interests.

***H. Confidential and Inside Information***

Employees may be trusted with confidential knowledge and information about the Company and are expected to keep that in confidence. Disclosing such information could hurt Hillman or give an unfair or illegal advantage to competitors, investors in our Preferred Trust or others. Employees should guard against improper or premature

disclosure of confidential information to outsiders, or to employees who do not require the information to perform their jobs.

Confidential information can include information about employees, products, technology, financial data, customer suppliers and competitors, long range plans, trade secrets, business plans including potential acquisitions and divestitures, manufacturing systems and procedures, research and development work, and computer data that is not published or in the public domain. The use of confidential information for personal gain by an employee or anyone else goes against these guidelines and, in many cases, can be against the law.

Communication with the media, the investment community and the public is the responsibility of designated spokespersons within Hillman.

Hillman provides electronic communications tools to help improve productivity and enable employees to provide efficient, high-quality work. Electronic communications include all aspects of voice, video and data communications such as voice mail, e-mail, EDI (Electronic Data Interchange), fax, internet, on-line services, etc. These technologies allow for quick dissemination of information to a large audience. Consequently, employees must guard against the circulation of confidential information through any electronic communication. Please refer to the Computer and E-mail Usage Policy for additional information. Hillman's trade names and logos should be used only in accordance with Hillman's policies and only as authorized for legitimate Hillman business.

#### ***I. Securities Trading***

Except as specifically permitted by applicable law, employees should not trade in or recommend the purchase or a sale of Company securities while they are in possession of "material information" regarding the operations or prospects of the Company that has not been publicly disclosed and disseminated to the investment community. Employees should not trade in or recommend the purchase or sale of the securities of any other corporation of which they have obtained non-public "material information" in the course of their employment with Hillman.

"Material information" is information which, if publicly disclosed, could reasonably be expected to affect the market value of the Company's securities or to influence investor decisions with respect to those securities. Specific examples of "material information" include generally unanticipated changes in the Company's annual and quarterly revenues or earnings, changes in dividend rates or policies, significant acquisitions or divestitures, and changes in senior management. Information regarding major new products, contract awards, expansion plans or significant litigation or regulatory proceedings may also fall in the category of "material information."

#### ***J. Fair Dealing***

Hillman will engage only reputable, qualified individuals or firms as consultants, agents, representatives or distributors under compensation arrangements that are reasonable in

relation to the services performed. The engagement should be formalized in a written agreement.

Hillman expects its employees and agents alike to conduct business with integrity wherever it does business, and ignorance of that standard is never an acceptable excuse for improper behavior, nor is it acceptable for improper behavior to be rationalized as being in Hillman's best interest. No act of impropriety advances the interest of Hillman. Employees should endeavor to deal fairly with Hillman's customers, suppliers, competitors and employees. Employees should not take unfair advantage of others through manipulation, concealment, abuse of privileged information, misrepresentations of material facts or any other unfair dealing practice.

***K. Protection and Proper Use of Hillman's Assets***

Employees should protect the Company's assets and ensure their efficient use. Theft and waste have direct impact on Hillman's profitability. All Hillman assets should therefore be used only for legitimate business purposes. By way of example:

1. Do not make personal use of Hillman assets which creates any additional costs for the Company, interferes with work duties or violates any Hillman policies; and
2. Do not allow Hillman's property to be used to help carry out illegal acts.

***L. Equal Employment Opportunity Laws and Diversity***

Hillman values diversity in its workforce and attempts to foster an appreciation of the different cultural values of its increasingly diverse employee population. It is Hillman's policy to provide employment opportunities without regard to race, religion, color, national origin, sex, age, ancestry, gender, veteran status, marital status, disability or any other reason prohibited by federal, state, or local laws in the United States. The Company requires its employees to abide by all employment and labor laws applicable to the operating unit or office where they work. To that end, it is the policy of Hillman to maintain a work environment free from discrimination or harassment of any type. Hillman believes that every employee has the right to work in an environment free from discrimination, including sexual, gender, race, national origin, age, or disability. Please refer to the Equal Employment Opportunity Policy and the Americans with Disabilities Act Policy for additional information. Employees should keep in mind that other countries in which Hillman does business may also have laws prohibiting various types of discrimination.

***M. Competition Laws***

Hillman maintains a policy of compliance with applicable competition laws, which are known as the antitrust laws in some countries. United States competition laws govern Hillman's conduct and transactions in dealing with competitors, customers and suppliers. Other countries in which Hillman does business may also have competition laws that are applicable to Hillman. Severe criminal and civil penalties may be imposed on Hillman and its employees if an employee authorizes or participates in a violation of the

competition laws. Therefore, it is important to understand and strictly follow Hillman policies so the Company and its employees may avoid even the appearance of a violation of the competition laws. In order to avoid activities that may raise inferences of a violation or result in allegations of a violation of competition laws, employees should not engage in practices prohibited by Hillman's policy, including the following activities:

1. Reaching an understanding or making an agreement with competitors to limit competition by setting price levels or terms or conditions of sale, limiting production or establishing joint procedures relating to distribution, sales territories or customers is against the law;
2. Making arrangements or contracts that involve exclusive dealing, tie-in sales or other restrictive agreements with customers or suppliers, differences in price and other terms of sale between customers and quantity discounts may not comply with the law and should not be entered without the advice of Human Resources; and
3. Hiring competitors' employees to obtain confidential information, or urging competitive personnel or customers to disclose anything that could be regarded as confidential information may also violate the law. Please contact Human Resources prior to hiring an employee from a competitor or entering into discussions with competitive personnel.

On occasion, employees may have the opportunity to communicate with competitors. While chance meetings may be seen as opportunities to learn more about our competition, employees are cautioned to exercise judgment in what they discuss. Any discussion or communication of any kind with a competitor that relates to pricing, production, customer information, marketing, inventories, product development, sales goals, market studies and other proprietary or confidential information is prohibited. It may be illegal to share this kind of information and could subject the employee and Hillman to civil or criminal penalties. Purchases from and sales to competitors are allowed, however, if done in accordance with Hillman policy. Antitrust Compliance manuals are available from the Human Resources Department.

#### **N. *Health and Safety Laws***

It is Hillman's policy that all employees will be provided with a safe and healthy work environment, and that all employees are required to comply with all applicable occupational health and safety laws.

#### **O. *Environmental Laws***

Hillman recognizes and believes in the importance of safeguarding natural resources and the global environmental heritage. Hillman believes that environmental goals can and should be consistent with economic health.

Hillman pledges to protect environmental quality and human welfare in our communities;



and to implement environmentally sound policies designed to prevent, mitigate and, where appropriate, remedy impacts on the environment of the community.

Hillman pledges to our fellow employees that we will continuously strive to make Hillman the best possible company for which to work. Hillman is committed to the goal of providing a safe and healthy workplace.

Hillman can best meet its commitment to the environment, our employees, and our neighbors by following these principles of conduct:

1. Conserve energy and natural resources through prudent use and reuse, where appropriate;
2. Work hard at continually eliminating waste and pollution at its source; otherwise reduce, reuse and recycle;
3. Properly dispose of or effectively treat any waste not economically reused;
4. Design, operate and assess our facilities ensuring the protection of the safety and health of our employees and our neighbors, including visitors and contractors that visit our facilities;
5. Make hygiene, safety and environment a priority in developing new products and processes;
6. Recognize, anticipate, respond and communicate significant environmental aspects/impacts in a timely manner to employee and community concerns regarding our products and operations;
7. Participate in the public debate on regulatory issues to the end of accomplishing sound and economic regulatory theory;
8. Manage all operations in a lawful manner and meet other relevant and appropriate requirements with regard to environment, safety and health; and
9. Periodically audit and assess our performance against stated goals and the principles of our regulatory management system.

**P. *Political Activities and Contributions***

We encourage all employees to participate fully in the political process, as individuals, and to make voluntary contributions to candidates of their own choice.

Company contributions, either direct or indirect, to political parties or candidates for federal, state or local office are illegal and strictly prohibited.

Employees who participate in political activities must make it clear that they do not act or speak for Hillman. Hillman cannot and will not endorse any political candidates or party.

**Q. *Money Laundering***

Money laundering is the conversion of money or property gained from illegal activities into money that appears to have been legally earned. It is Hillman's policy to comply fully with all applicable ante-money laundering laws, including relevant laws and regulations in the United States and in all other countries where Hillman does business. In that regard, it is Hillman's policy to conduct business only with clients who are engaged in legitimate and lawful business activities, and to engage in transactions with funds that are derived solely from lawful activities and legitimate sources, and not to have any involvement in activity that facilitates money laundering or funds terrorism or any other criminal activity.

**R. *Compliance Reporting***

Employees are expected to comply with this Code and all other policies and procedures of Hillman in all respects. To the extent legally permissible under local laws, any employee who fails to return the Potential Conflict of Interest Statement covering the policies set forth in this Code, submits a Potential Conflict of Interest Statement containing a false statement or material omission, or who knowingly violates this Code, or knowingly permits a subordinate to do so, shall be subject to disciplinary action, including demotion or dismissal. From time to time Hillman may require employees to sign additional certificates covering the policies set forth in this Code or any other policies contained in this manual.

Compliance review briefings may be held periodically in order to discuss various matters raised in this Code. Each employee is expected to attend such briefings. In addition, certain employees may be required by the Company to complete web-based training modules covering this Code and ethics in general.

If an employee becomes aware of any acts or transactions that may be in violation of this Code, the employee is expected to properly disclose such information. If the employee believes this Code may have been violated, the employee should raise the issue immediately with his or her supervisor or call the hotline at 1-800-826-6762 to confidentially report any Sarbanes Oxley related violations. If the issue is not resolved, the employee should contact Human Resource. Issues presented to the Human Resource Department will be treated confidentially and anonymously. Members of the Board of Directors of Hillman should report violations of this Code directly to the Audit Committee. In addition, if an employee or board member has concerns about accounting, internal accounting controls or auditing matters, he or she should report violations of this Code directly to the Audit Committee.

Confidentiality regarding those who make compliance reports and those potentially involved is maintained to the extent possible.

**S. *Prohibition Against Retaliation***

Hillman prohibits reprisals for good faith reporting of actual or possible violations of this

Code, or for participating in investigations or proceedings involving this Code. Retaliation in any form against any employee who report a possible violation of this Code, or who assist in the investigation of a possible violation of this Code, is itself a violation of this Code and will be disciplined appropriately. In certain circumstances there may be criminal penalties for retaliation, including fines and imprisonment.

**T. *Waivers***

Any waiver of this Code for directors or senior executive or financial officers of Hillman may be made only by Hillman's Board of Directors. Any waiver of this Code for executive officers or directors may be made only by the Board or a Board committee and will be promptly disclosed as required by law or stock exchange regulations.

**U. *Questions***

Questions about situations not discussed in this Code or one of the policies contained in this manual should be addressed to the employee's supervisor or to the corporate Human Resources Department.

*The Hillman Code of Business Ethics is not intended to confer contractual rights of any kind upon any employee or other person identified therein, or to create contractual obligations of any kind for Hillman. Because the Company's goals related in the Code of Business Conduct and Ethics or any of the policies contained in this manual are subject to change, Hillman retains the rights to change the Code of Business Conduct and Ethics or any of the policies contained in this manual in its sole discretion, at any time, with or without notice.*