

Code of Ethics, Anti-Trust, Fair Competition Policy

17560 ROWLAND STREET
CITY OF INDUSTRY, CA 91748



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I. Introduction

The policy of Newegg (the “Company”) is to comply with all laws, domestic and foreign, that apply to its businesses and to conduct its activities in accordance with high standards of business ethics in all respects. Although the Company strives to increase its revenues and profits, such increases shall not be at the expense of lawful conduct, honesty and fair dealing. Compliance with this Policy Guide is necessary for the Company to remain a responsible member of the communities in which it does business and to assure the welfare of those dependent upon the continuation of the Company's good standing, namely, employees, customers and suppliers.

A. Purpose & Overview

The purpose of this policy is to establish the Company's Code of Ethics, Anti-Trust, Fair Competition Policy (the “Policy”) for members of senior management and all employees, and to reaffirm the Company's policies regarding adherence to applicable laws and standards of business ethics in conducting the business throughout the world.

It is the objective of the Company:

1. To comply with the antitrust laws of the United States and other countries applicable to its business operations, and
2. To hold employees in management positions personally and strictly accountable for taking the measures necessary to achieve this objective within their areas of responsibility.

B. Scope & Audience

This Policy is mandatory and applies to all directors, officers and employees of the Company, all contractors who devote all or substantially all of their time to the Company, and Business Associates. Any such designated persons shall be provided with a copy of this Policy and shall certify their compliance with it pursuant to procedures established by the Compliance Officer.

An employee's actions under this Policy are significant indications of the individual's judgment and competence. Accordingly, those actions constitute an important element in the evaluation of the employee for position assignments and promotion. Correspondingly, insensitivity to or disregard of the principles of this Policy will be grounds for appropriate management disciplinary action. Violations of this Policy may constitute violations of applicable anti-bribery and anti-corruption laws and may subject the Company and Covered Persons to serious penalties, including fines and even imprisonment.

II. Summary of Major Roles

All personnel or all employees involved in the Company's business activities are responsible for reading, understanding and complying with this Policy on Anti-Bribery Compliance, as well as future updates to this Policy and other similar Policy materials issued from time to time. Every salaried employee shall submit an Acknowledgment at the time of employment or membership which shall be placed in such employee's personal history file.

The **Audit Committee** shall include Human Resources and the Director of Compliance, General Counsel who will determine, or shall designate appropriate persons to determine, appropriate action in response to any violations of this Policy.

The **Director of Compliance** is ultimately responsible for ensuring this Policy remains up-to-date and accurate, and for disseminating communications related to policy changes. The Compliance

Officer is responsible for providing training related to this Policy. They are also required to review this policy on an annual basis to ensure it is effective and in accordance with current best practices, and will revise and update this Policy, as necessary.

Senior Management are responsible for ensuring all employees within their respective business units are aware of and comply with this Policy. They are also responsible for ensuring that a copy of this Policy is delivered to each salaried employee of the Company at the time of their employment. Each Manager shall ensure that salaried employees participate in periodic training in the substance of this Code of Ethics, Anti-Trust, Fair Competition Policy.

The **General Counsel** is responsible for determining if a provision of this Policy can be waived, upon full disclosure of all relevant facts by the employee who seeks such a waiver. Any such waiver will be promptly disclosed as and to the extent required by applicable law or regulations or by the Company's listing agreement with a national securities exchange.

III. Code of Ethics, Anti-Trust, Fair Competition Policy

The following section describes the Company's Code of Ethics, Anti-Trust, Fair Competition Policy, including the Code of Business Conduct and Ethics, Legal Compliance and Business Ethics Standards, and Implementing and Reporting Violations of this Policy.

A. Prohibition of Improper Payments

The Company expects all employees to use only legitimate practices in commercial operations and in promoting the Company position on issues before governmental authorities. As stated below, "kickbacks" or "bribes" intended to induce or reward favorable buying decisions and governmental actions are unacceptable and prohibited.

No employee of the Company or any Controlled Affiliate acting on the Company's behalf shall, in violation of any applicable law, offer or make directly or indirectly through any other person or firm any payment of anything of value (in the form of compensation, gift, contribution or otherwise) to:

1. Any person or firm employed by or acting for or on behalf of any customer, whether private or governmental, for the purpose of inducing or rewarding any favorable action by the customer in any commercial transaction; or any governmental entity, for the purpose of inducing or rewarding action (or withholding of action) by a governmental entity in any governmental matter;
2. Any governmental official, political party or official of such party, or any candidate for political office, for the purpose of inducing or rewarding favorable action (or withholding of action) or the exercise of influence by such official, party or candidate in any commercial transaction or in any governmental matter.

In utilizing consultants, agents, sales representatives or others, the Company will employ only reputable, qualified individuals or firms under compensation arrangements, which are reasonable in relation to the services performed. The Compliance Department will issue criteria and procedures from time to time to be utilized in international transactions with respect to the selection and compensation of sales representatives. Consultants, agents or representatives retained in relation to the provision of goods or services to the federal government must agree to comply with all laws, regulations and Company policies governing employee conduct.

The provisions of this section are not intended to apply to ordinary and reasonable business entertainment or gifts not of substantial value, customary in local business relationships and not violate of law as applied in that environment. In some countries (but not in all countries-and particularly not in the United States), it may be acceptable to make such insubstantial gifts to minor government officials where customary in order to expedite or secure routine administrative action required in the orderly conduct of operations. Managers are expected to exercise sound discretion and control in authorizing such business entertainment and gifts.

When customer organizations, governmental agencies, or others have published policies intended to provide guidance with respect to acceptance of entertainment, gifts, or other business courtesies by their employees, such policies shall be respected.

B. Gifts & Receiving Gifts

The Company recognizes that accepting and providing reasonable and proportionate gifts and entertainment may be considered in some jurisdictions as a normal part of business, and this Policy does not prohibit such gifts and entertainment, subject to the terms hereunder. The term “reasonable and proportionate” is not precisely quantified and requires the exercise of common sense, though generally, such term will refer to gifts with a retail value below USD \$100 (“Nominal Value”). If a gift would be considered extravagant or excessive or if the gift would likely affect the recipient’s judgment, for example, in the context of an upcoming decision, approval or contract award, then the gift will be deemed unreasonable, even if it is below Nominal Value. Gifts in the form of cash or gift certificates redeemable for goods or services are prohibited.

Prior to giving gifts of significant value, Covered Persons must request and obtain prior written approval of the Chief Financial Officer of the Company. Notwithstanding the above, offering any gift to a Government Official, including gifts below the Nominal Value, is prohibited and may only be permitted subject to the prior written approval of the Chief Financial Officer. Similarly, Covered Persons must ensure that the decisions they make on behalf of the Company are free from third-party influence. Accordingly, Covered Persons must promptly report any gifts of significant value offered to or received by them to the Compliance Officer, who will assess the propriety of keeping the gift.

The Compliance Officer will determine the threshold values referred to above from time to time and such values will be communicated to the Covered Persons in writing.

Covered Persons may offer or receive infrequent, reasonable and appropriate business meals or entertainment, provided that business is discussed at those events and that the activity has a clear business purpose. An example would be the promotion, demonstration or explanation of the Company’s products or services, or the negotiation, execution or performance of a contract. Such activity shall not involve excessive expenditures. The guidelines for reasonable and appropriate activities shall be normal industry practice in the relevant locality consistent with local legal requirements. Further, reimbursement of such expenses will be subject to the Company’s procedures such as stating the participants and the purpose of the meeting. The Compliance Officer will determine threshold amounts for business entertainment from time to time and such values will be communicated to the Covered Persons in writing. In the event that the estimated cost of certain business entertainment is expected to exceed such estimate, prior written approval from the Chief Financial Officer is required.

There are occasions in which it may be appropriate for the Company to provide reasonable, bona fide hospitality to customers/potential customers, including Government Officials, such as paying for travel, meals, and business entertainment expenses (i.e., beyond occasional business meals or entertainment covered above). Such hospitality shall require CFO written approval in advance and be subject to the following general guidelines:

- 1) All costs incurred for business hospitality shall be supported by a business hospitality form to be submitted to the CFO and the Compliance Officer.
- 2) All flights and hotel reservations will be arranged strictly in accordance with the standards and classes applicable to Covered Persons.
- 3) Only the following categories may be included in invitations: travel, lodging, reasonable meals and professional incidental expenses (visa application, local transportation, etc.).
- 4) All other expenses shall be the responsibility of the customer/potential customer.
- 5) Invitations of Government Officials are exceptional events and should therefore be handled with utmost sensitivity and caution by all involved. Any invitation of a Government Official requires the prior written approval of the CFO.
- 6) Any deviation from the above requires the approval in writing from the CFO.

Under no circumstances will hospitality consist of cash payments, and hospitality must never be offered or provided in exchange for any commercial advantage or favored treatment.

C. Political Contributions

The Company will not make any contribution to any political party or to any candidate for political office in support of such candidacy except as provided in this Policy and as permitted by law.

In the United States, federal law strictly controls corporate involvement in the federal political process. Generally, federal law provides that no corporation may contribute anything of value to any political party or candidate in connection with any federal election.

While similar laws apply in some states and their political subdivisions, in many jurisdictions in the United States corporate contributions to candidates and political parties in connection with state and local election campaigns are lawful.

The laws governing participation by corporations in the political process of countries other than the United States vary widely. In certain countries, contributions to the political process (including contributions to political parties) are lawful and expected as a matter of good corporate citizenship.

In foreign jurisdictions and in state and local jurisdictions of the United States where corporate political contributions are lawful, contributions by the Company or by a Controlled Affiliate may be appropriate if prudent in amount and otherwise consistent with good judgment. Company contributions shall be governed by written guidelines. Contributions by a Controlled Affiliate shall also be governed by written guidelines or other form of written authority as established by the senior management. Any contribution by the Company or by a Controlled Affiliate shall comply in all respects with the provisions of local applicable law and shall be reported as part of the annual review process provided by this Policy.

This Policy is not intended to prevent the communication of Company views to legislators, governmental agencies, or to the general public with respect to existing or proposed legislation or governmental policies or practices affecting business operations. Moreover, under this Policy, reasonable costs incurred by the Company to establish or administer political action committees

or activities organized to solicit voluntary political contributions from individual employees are not regarded as contributions to political parties or candidates, where the Company may lawfully incur such costs.

D. Reports and Periodic Reviews

Any employee who is requested to make, authorize, or agree to any offer or payment which is, or may be, contrary to this Policy will promptly report such information to the employee's manager, to assigned Company legal counsel, or to the manager in the component having responsibility for financial activity.

Any employee who acquires information (for example, newspaper reports, reports from customers, or statements of individuals involved) that gives the employee reason to believe that any employee is engaged in conduct forbidden by this Policy, or that any sales representative, distributor, or other person or firm representing the Company in any transaction is engaged in the type of conduct (whether or not in connection with a transaction involving the Company or its products) which, if engaged in by an employee of the Company, would violate this Policy, will promptly report such information to the employee's manager, to assigned company legal counsel, or to the manager in the component having responsibility for financial activity.

Any manager receiving a report as cited above will promptly consult with assigned Company legal counsel and thereafter will, after appropriate investigation, take timely remedial or other action as warranted under the provisions of this Policy. Such manager will also promptly report the matter to higher management.

E. Training

The Compliance Officer is responsible for establishing and conducting a suitable training program (either online or off-line, at the discretion of the Compliance Officer) to help effectuate the compliance goals of this Policy and will maintain records documenting the date and content of the training and names of attendees. The Compliance Officer reviews this Policy at least annually to ensure it is effective and in accordance with current best practices, and will revise and update this Policy, as necessary.

F. Compliance with the Antitrust Laws

The Company has recognized a need to single out compliance with the antitrust laws of the United States and other countries as a subject requiring a specific Company policy. The antitrust laws are relevant to many business decisions, and the consequences of violations anywhere can be seriously injurious to the Company and to the individuals involved.

Several provisions of the antitrust laws of the United States contain penal provisions under which employees who authorize or engage in acts in violation of such laws are personally subject to substantial fines and imprisonment. There are also in existence a number of antitrust decrees affecting the Company and its employees. Violation of anyone of the provisions of these decrees is an offense, which may subject the Company and the individuals involved to severe penalties.

Each manager must accept the challenge to have the Company excel competitively at the point of market confrontation; for, apart from legal penalties. Company growth and profitability objectives would be frustrated by arrangements with other business firms, which restrict its competitive initiative.

Officers, managers and other key employees are expected to develop in employees a sense of commitment to comply with this policy. The antitrust compliance environment within such a key employee's assigned area of responsibility will be a significant factor in evaluating the quality of that individual's performance.

G. Compliance with Section 1 of the Sherman Act

In furtherance of this Policy and specifically in furtherance of compliance with Section I of the Sherman Act:

1. No employee shall enter into any understanding or agreement-whether expressed or implied, formal or informal, written or oral-with a competitor limiting or restricting any of the following aspects of the competitive strategy of either party or of the business offering of either party to any third party or parties.
2. No employee shall enter into any understanding or agreement with a purchaser or lessee of a product sold or leased by the Company which restricts the right of the purchaser or lessee to determine the price at which to resell or lease such product; nor shall any employee enter into such an agreement when the Company is the purchaser or lessee of a product.
3. The following understandings may violate of the antitrust laws under certain circumstances and may be entered into by an employee of the Company only if the agreement has been reviewed by Company legal counsel in advance of execution and in the opinion of counsel is not in violation of law:
 - a. Understandings with any customer or supplier which condition the sales or purchases of The Company on reciprocal purchases or sales by the customer/supplier;
 - b. Understandings with any purchaser or lessee of a product of the Company which in any way restrict the discretion of the customer to use or resell the product as the customer sees fit;
 - c. Understandings with anyone which restrict the discretion of either party to manufacture any product or provide any service, or to sell to, or buy from, any third party.

H. Discussions and Exchange of Information with Competitors

Communication with a competitor on subjects as to which an understanding with the competitor would be illegal is, in antitrust litigation, likely to serve as important evidence of the existence of an understanding, particularly if the communication is accompanied or followed by similarity of action. The prohibitions set forth below are thus intended to avoid antitrust prosecutions which, though based on merely circumstantial evidence, may nevertheless be difficult to defend successfully.

Accordingly, no employee shall discuss with a competitor or any third party acting for a competitor, or otherwise furnish to or accept from a competitor or any third party acting for a competitor, information on any subject as to which an understanding with the competitor is prohibited by paragraph A. above on compliance with Section I of the Sherman Act unless, in the opinion of Company legal counsel, such discussions or transmittal of information would neither violate the antitrust laws nor furnish a reasonable basis for inferring such a violation. This paragraph does not preclude obtaining competitive information from independent third-party sources who are not acting for a competitor in transmitting the information. However, certain other legal and policy

restrictions applicable to transactions with the federal government limit the competitive information that may be obtained from a third-party source.

I. Participation in Trade Associations and Other Meetings with Competitors

No employee shall attend or remain present:

1. At any surreptitious meeting of competitors;
2. At any meeting where there is a discussion by competitors of any subject which the Company's employee is precluded from discussing by the paragraph above on Discussions and Exchange of Information with Competitors; or
3. At any informal meeting of competitor members of a trade association held for the purpose of discussing business matters without observing the formal procedural requirements established by such trade association for its business meetings.

Employees should also be aware that participation in standard development and product certification activities, which impact competitors or suppliers, may raise antitrust concerns. Before participating in committees or organizations, which develop standards or certify products, employees should consult with Company legal counsel.

J. Violations of the Policy

Violations of the Policy are grounds for discharge or other disciplinary action, adapted to the circumstances of the particular violation and having as a primary objective furtherance of the Company's interest in preventing violations and making clear that violations are neither tolerated nor condoned.

Disciplinary action will be taken, not only against individuals who authorize or participate directly in a violation of the Policy, but also against:

1. Any employee who may have deliberately failed to report a violation of the Policy;
2. Any employee who may have deliberately withheld relevant and material information concerning a violation of this Policy and
3. The violator's managerial superiors, to the extent that the circumstances of the violation reflect inadequate leadership and lack of diligence.

Where an employee is accused of violating the antitrust laws, and the employee has relied in good faith on the advice of Company legal counsel after full disclosure of the material facts, no disciplinary action may be taken against the employee under this Policy; and the Company may, within the limits permitted by law, assist in the employee's defense.

K. Reports and Periodic Reviews

Any employee who is requested to engage in any activity, which is or may be contrary to this Policy, will promptly report such information to the manager whom the individual reports, or, if the employee was so directed by the manager, then to assigned Company legal counsel.

Any employee who acquires information that gives the employee reason to believe that any other employee is engaged in conduct forbidden by the Policy will promptly report such information to the manager to whom the employee reports or, if the manager is engaged in such conduct, then to the assigned Company legal counsel.

L. Due Diligence Guidelines

The purpose of conducting due diligence on relevant Business Associates in the context of this Policy is to verify, to the extent reasonably possible, their integrity and past track record in relation to bribery and corruption. The Company shall not enter into any business relationship with a Business Associate determined by Company to have high-risk corruption/bribery profile, unless and until:

1. a due diligence process has been completed for the Business Associate, and
2. the due diligence process has not revealed activities by the Business Associate which would be inconsistent with the Company's zero tolerance for bribery and corruption.

The nature of the due diligence will depend, among other things, on the nature of the relationship with and cooperation of the Business Associate, the availability of public domain information and records on the Business Associate, and, especially, the cultural and political environment in which the Business Associate is operating. For purposes of assessing the cultural and political environment in which a Business Associate is operating, the Company will refer to objective sources of information such as Transparency International ("TI"), which is available at <http://www.transparency.org/>.

Without derogating from the above, due diligence is required if any issues of concern or "red flags" are identified in relation to a potential Business Associates in regions which are generally known for corrupt practices. Due diligence shall include, at minimum: (i) the Business Associate's completion of a detailed due diligence questionnaire and provision of relevant information and documents supporting the replies to the questionnaire, and (ii) completion of an internal due diligence questionnaire pertaining to the potential Business Associate by the Covered Person proposing to engage it. The forms of due diligence questionnaires will be determined by the Compliance Officer from time to time, in consultation with the Company's external counsel.

For the avoidance of any doubt, the due diligence process described in the Policy and the forms provided by the Compliance Officer from time to time are solely to determine compliance with the Policy, and do not constitute commercial due diligence as to the commercial health and stability of the target person or entity. Such commercial due diligence may need to be conducted separately, in addition to due diligence under this Policy.

M. Examples of Red Flags

Please note that the following examples are illustrative. This is not an exhaustive list.

- A request for payment in advance or prior to an award of a contract, license, concession, or other business.
- A request for reimbursement of unusual, extraordinary, poorly documented, or last-minute expenses.
- A request for payment in cash (or otherwise untraceable funds) to a numbered account or to an account in the name of someone other than the appropriate party.
- A request for payment in a country other than the one in which the parties are located, especially if it is a country with limited banking transparency.
- A refusal by a party to certify that it will comply with the requirements and prohibitions of applicable anti-corruption laws and rules or this Policy.
- A refusal, if asked, to disclose shareholders, partners, or principals.

- Use of shell or holding companies that obscures a transaction partner's ownership without credible explanation.
- A request for a fee or kickback for the use of Company products and services at the requestor's facility.
- A request for political or charitable contributions, particularly if the request is for cash.
- As measured by local customs or standards, or under circumstances particular to the party's environment, the party's business is understaffed, ill-equipped or inconceivably located to undertake its proposed relationship with the Company (e.g., pre-award technical activities or logistical assistance, and post-award activities such as assistance with customs, permits, financing and licenses).
- The party appears to have insufficient know-how or experience to provide the services the Company needs.
- Company wire transfers that do not disclose the identity of the sender or recipient.
- In the case of engaging an agent or consultant, the potential agent or consultant:
 1. resides or is headquartered outside the country in which the services are to be rendered, particularly if that country has a reputation for corruption or is a tax haven;
 2. has no established track record.

IV. Definitions & References

A. Definitions

Conflict of Interest

For the purposes of this Policy, a "conflict of interest" occurs whenever the private interests of a Company employee interfere in any way – or even appear to interfere – with the interests of the Company.

Confidential Information

All nonpublic information which, if disclosed, might be of use to competitors or harmful to the Company or its customers.

Proprietary Information

Any non-public company information or intellectual property (e.g., intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas and processes, designs, databases, records, salary information and any unpublished financial data and reports).

Red Flag Situations

Any behavior or situation that indicates a greater risk of a violation of the Code of Ethics, Anti-Trust, Fair Competition Policy.

Third-party

Any entity that enters into business activities with the Company, including: customers, vendors, representatives, government officials, employees of entities owned or controlled by a government, political parties, or public international organizations.

B. References

- [Department of Justice: Antitrust Laws and You](#)
- [Federal Trade Commission Guide to the Antitrust Laws](#)
- [Transparency International](#)

V. Policy Approval & Revision Process

The Human Resources Department, together with General Counsel and Senior Leadership audit this Policy on an annual basis and provide revision as needed. General Counsel approves the Policy via email.

VI. Exhibits

Please refer to the Employee Handbook, for details of the training employees receive on their responsibilities related to how customers and the Company maintain this Policy.