

## **CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT DISCLOSURE**

### California Transparency in Supply Chains Act of 2010

The California Transparency in Supply Chains Act of 2010 requires manufacturers and retail sellers doing business in California and have worldwide gross receipts exceeding \$100 million to provide a website disclosure concerning their efforts to address the issues of forced labor, slavery, and human trafficking within their supply chain. The law's intent was to increase consumers' knowledge about products they purchase and the companies they choose to support. In order to solidify our commitment, we have begun the process of establishing a program that would help prevent human trafficking and slave labor in the supply chain.

#### **Verification**

IDEAL INDUSTRIES, INC. recognizes the importance of responsible supplier selection, and conducting business with suppliers that reflect our commitment to integrity, ethical business practices and social responsibility. Although we do not have a formal verification program, we require our suppliers, their employees, agents and sub-suppliers to operate in accordance with the principles and ethical standards outlined in our [Supplier Code of Conduct](#). The Supplier Code requires all our Suppliers comply with all applicable laws, rules and regulations and that they adhere to the Supplier Code regarding labor and human rights (including slavery and human trafficking), health and safety, environmental protection, business ethics and management practices.

#### **Audits**

In order to monitor Supplier compliance with our Supplier Code of Conduct, we will conduct audits of suppliers on an annual basis by submitting self-assessment questionnaires, whereby responses will be required and reviewed by IDEAL. Where concerns are identified, IDEAL may pursue prompt, thorough investigations, and may require corrective action plans or terminate suppliers. Supplier participation in the audits is mandatory as a condition of doing business with IDEAL and we require suppliers to certify that they are in compliance. We have reserved the right to investigate instances of non-compliance with our Supplier Code or laws on human trafficking and slavery, which may include a supplier site audit. Failure to comply with the Supplier Code of Conduct, or failure to resolve a non-compliance issue, may result in the termination the business relationship with the non-complaint Supplier. We do not engage third parties to evaluate supplier compliance with human trafficking or slave labor laws and generally do not engage in unannounced audits.

#### **Supplier Certification**

We currently require our Suppliers, either through written agreements and/or purchase order terms and conditions, to comply with all applicable laws, which would include those concerning slavery and human trafficking. We require suppliers to certify compliance with our Supplier Code of Conduct, including certification that materials and products comply with laws regarding slavery and human trafficking.

**Accountability**

IDEAL maintains internal accountability standards and procedures applicable to employees, contractors, suppliers, or agents who fail to meet our standards. We are dedicated to a safe, legal and respectful workplace and our Business Conduct policy encourages and provides a mechanism for reporting any suspected ethical violations or illegal activity either directly or anonymously through a phone and internet based reporting system. Upon hire, all employees are required to read and acknowledge receipt and understanding of our Business Conduct policy. Our Business Conduct policy includes, among other things, certification that the employee will comply with all applicable laws and regulations. Employees who violate laws or company policies would be subject to disciplinary action, up to and including termination.

Similarly, Suppliers must comply with our Supplier Code of Conduct. Should they fail to comply with applicable laws or fail to address non-compliance in a timely manner, we reserve the right to terminate the business relationship and refer the matter to the appropriate legal authorities. As part of our developing supply chain compliance program, we will continue to implement processes and procedures that hold suppliers accountable in all areas, including labor and material sourcing.

**Training**

IDEAL does not currently provide training to employees or management on eradicating human trafficking and slavery. However, IDEAL is in the process of training employees and management who have direct responsibility for the supply chain to review audit responses, audit suppliers for compliance with our Supplier Code of Conduct, or to report any potential issues involving human trafficking and slavery for further investigation.

Additionally, as previously stated, our employees are subject to the standards outlined in our Business Code policy, where we require an annual re-certification from our employees that they have read, understand and will adhere to our Business Conduct policy, which requires a general compliance with all laws.