



NORDAM Corporate Offices
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February 26, 2016

To: Consumers

From: Brian Schlegel, Vice President Supply Chain

Subject: **California Transparency in Supply Chains Act of 2010**
Cal. Civ. Code, § 1714.43

The California Transparency in Supply Chains Act of 2010 (the "Act") requires retailers and manufacturers doing business in California to disclose efforts to eradicate slavery and human trafficking from its direct supply chain. The NORDAM Group, Inc. ("NORDAM") respects and supports the purpose of the Act and other laws and regulations which are intended to protect human rights and the dignity of the human person. NORDAM is committed to ensuring that our supply chain processes and our employees - who we call "stakeholders" - take appropriate steps to mitigate the risk of human trafficking and slavery from occurring in our direct product supply chain. In accordance with the Act, NORDAM makes the following disclosures:

1. Verification of Supply Chain

NORDAM verifies its product supply chains by evaluating the risk of human trafficking and slavery in NORDAM's direct supply chain through several methods, including the following:

- a. NORDAM periodically conducts site visits of its suppliers for evaluations and compliance with contract requirements.
- b. Verification is conducted by NORDAM, not by a third party.
- c. NORDAM requires, as a condition of contract, that its suppliers will comply with all applicable laws and regulations, including laws that prohibit Human Trafficking and Slavery and laws which require them to treat workers fairly and provide a safe and healthy work environment.
- d. NORDAM contractually prohibits suppliers from delivering products which do not comply with Sections 6, 7, 12 and 15 of the Fair Labor Standards Act of 1938 (29 U.S. Code 201-219), which is intended to protect workers against unfair pay practices, work regulations and regulates child labor. In addition, covered supply chain contractors, and their subcontractors, are required to comply with the Federal Acquisition Regulation 52.222-50 Combating Trafficking in Persons, which prohibits trafficking in persons and using forced labor, among other things.

- e. NORDAM has a Human Trafficking and Slavery Policy (PL-TNG-SC-07) (discussed below) that applies to NORDAM suppliers, subcontractors and agents.
- f. Additionally, NORDAM has a Conflict Minerals policy (PL-TNG-SC-05) in which NORDAM voluntarily participates in the Conflict Minerals initiative of Section 1502 of the Dodd-Frank Act. Both policies' purpose is to mitigate human rights violations, including human trafficking, slavery and other abuses of women, men and children. NORDAM does not procure Conflict Minerals, and NORDAM makes good faith inquiries of its suppliers reasonably designed to determine whether covered products supplied to NORDAM contain Conflict Minerals, that directly or indirectly finance armed groups in the Democratic Republic of Congo and adjoining countries.
- g. Supplier contracts communicate NORDAM's expectations that NORDAM is committed to conducting its business fairly, impartially, and in an ethical and proper manner. NORDAM further requires all suppliers and its own stakeholders to (a) read, (b) acknowledge that they understand and (c) will comply with *NORDAM's Standard for Ethical Business Conduct* found at:

<http://www.nordam.com/who-we-are/ethics-compliance>

2. Evaluation of Supplier Compliance

NORDAM does not conduct audits of suppliers to evaluate supplier compliance with company standards for human trafficking and slavery in supply chains. NORDAM does, however, visit its supplier's facilities and conducts audits. The audits are not always announced and are conducted by NORDAM, not an independent auditor. To enhance our supplier evaluation efforts, NORDAM is in the process of compiling a slavery and human trafficking checklist that can be utilized when NORDAM performs onsite supplier visits.

For anyone who observes or becomes aware of a potential violation or conduct contrary to the principles set forth in the Human Trafficking and Slavery Policy and/or *NORDAM's Standard for Ethical Business Conduct*, NORDAM maintains an ethics hotline and an online reporting system, Alertline, so that such violation or conduct can be reported. In addition, The NORDAM ethics hotline number is included in all supply contracts. NORDAM promptly investigates all reported matters, reports the matters to its Board of Directors when warranted, and takes action as needed, including disclosure to governmental authorities as appropriate. Additionally, each year, NORDAM stakeholders identify on a certificate of compliance any violations or questionable activities, including violations or questionable activities of suppliers that they may have witnessed or heard about, and this would include identifying any activity involving slavery or human trafficking.

3. **Supplier Certification**

NORDAM requires, as a condition of contract, that all suppliers commit to comply with applicable laws and regulations. At the current time, NORDAM does not require suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.

4. **Internal Accountability Standards**

NORDAM employs internal policies for determining whether employees and stakeholders comply with company policies regarding trafficking and slavery, and policies which promote fair employment practices, fair pay and working conditions, some of which include the following:

- *Human Trafficking and Slavery Policy (PL-TNG-SC-07)*. NORDAM's Human Trafficking and Slavery Policy requires NORDAM stakeholders, suppliers, subcontractors, and agents to comply with all applicable laws and regulations prohibiting human trafficking and slavery, including without limitation the U.S. Government's Policy Prohibiting Trafficking in Persons. NORDAM notifies its stakeholders, suppliers, subcontractors and agents of the Policy and the U.S. Government's Policy Prohibiting Trafficking in Persons. Violations of the policy can result in termination. As discussed below, stakeholders trained on the Policy are required to review and acknowledge that they have read the Policy and have achieved the requisite training. Violating the Policy can result in termination. NORDAM does not tolerate any retaliatory action against anyone who reports a genuine belief that this Policy or the U.S. Government's Policy Prohibiting Trafficking in Persons has been violated.
- NORDAM stakeholders are also required to undergo training on NORDAM's *Standard for Ethical Business Conduct* and are required to certify annually that they are aware of and are in compliance with NORDAM's *Standard for Ethical Business Conduct*. NORDAM stakeholders are also required to list any violations or questionable activities they may have witnessed or heard about; or certify that they are not aware of any such activities. All new NORDAM stakeholders are required to agree in writing, as a condition of employment, that upon employment, they will comply with NORDAM's *Standard for Ethical Business Conduct*. Failure to comply with NORDAM's *Standard for Ethical Business Conduct* can result in termination of employment and pursuit of legal remedies.
- *Employment Policy, PL-TNG-OP-01*, says that NORDAM will comply with all federal employment laws and statutes as administered by, among others, the

Department of Labor and the Equal Employment Opportunity Commission, and emphasizes a commitment to a healthy working environment, free from harassment, verbal and physical abuse and discrimination.

- *Compensation Policy, PL-DMC-OP-07*, establishes standards for fair, market competitive and equitable compensation for all work performed.
- *Safety Policy, PL-TNG-OP-43*, establishes safety requirements to ensure that stakeholders and non-stakeholders are provided a safe working environment.

NORDAM management is responsible to assure these policies are implemented and adhered to. Violation of these policies can result in disciplinary action including termination.

Finally, NORDAM's Office of Corporate Responsibility is tasked with driving NORDAM's commitment of being a responsible corporate citizen. To that end, the Office of Corporate Responsibility focuses, among other things, on the commitment to positively impact the communities where we operate, and the commitment to support our stakeholders by fostering a work environment conducive to innovation, collaboration, skill development, leadership and growth.

5. **Management Training**

In an effort to mitigate risks within the supply chains of products, NORDAM at least annually trains its management and non-management stakeholders who have a direct responsibility for supply chain management and quality on human trafficking and slavery. In general, the training includes training on NORDAM's Human Trafficking and Slavery Policy, awareness of warning signs, and how to identify and report potential violations.

NORDAM takes very seriously human rights laws and we will continue to take measures to enhance our efforts to promote fair and ethical working conditions of our stakeholders and of our product suppliers. As we continue to make these enhancements, we will update this disclosure as necessary.

Sincerely,



Brian Schlegel
Vice President, Supply Chain Management