

CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT

The California Transparency in Supply Chains Act requires certain manufacturers doing business in the State of California to disclose their efforts to eliminate the use of slave labor and human trafficking from their supply chains.

Dukal is committed in our business practices to reflect our company's values, including treating people with respect and dignity. Dukal's values set the foundation for its Code of Business Ethics and Conduct (the "Code") and its policies, procedures and business practices.

Our Code and our terms and conditions with domestic and international suppliers, require compliance with all applicable governmental laws, rules and regulations (including laws prohibiting human trafficking and forced labor). Suppliers are expected to act proactively, raising concerns about ethical issues, violations of the Code, or governmental rules and regulations.

The United States Government has adopted a zero tolerance policy regarding trafficking in persons. Accordingly, Government contracts for acquisitions of goods and services:

- (a) Prohibit contractors, contractor employees, suppliers, and supplier employees from—
 - (1) Engaging in severe forms of trafficking in persons during the period of performance of the contract;
 - (2) Procuring commercial sex acts during the period of performance of the contract; or
 - (3) Using forced labor in the performance of the contract;
- (b) Require contractors and suppliers to notify employees of the prohibited activities and the actions that may be taken against them for violations; and
- (c) Impose suitable remedies, including termination, for failure to comply with these government-contracting requirements.

In accordance with its code and terms and conditions in applicable Government contracts, Dukal complies with these requirements regarding trafficking in persons and forced labor and it "flows down" such requirements to Dukal's suppliers.

Training on Trafficking and Forced Labor Issues: Dukal has taken steps to ensure that our employees are aware of these critical issues so that they may communicate such information to Dukal's suppliers. Dukal also provides its suppliers with access to a toll-free Ethics Line, which enables suppliers to communicate questions and concerns about compliance with applicable governmental laws, rules and regulations (including laws prohibiting human trafficking and forced labor), when the proper course of action may appear to be unclear.

Supplier Accountability: Dukal has retained the right under its Supplier Agreement with its suppliers to terminate a contract with its supplier for the supplier's failure to comply with the requirements of Dukal's Code. For international procurements, Dukal also reserves the right to gain access to supplier records and facilities for the purpose of auditing the supplier's compliance with Dukal's Code requirements and compliance with law requirements under the contract.

Since we have over 100 suppliers in 11 countries, it's impossible for us as a small company to audit each

and every supplier

We conduct risk based, biannual assessments of ~10% of our suppliers to verify that they are not at risk of violating antislavery and human-trafficking laws. We do not use a third party. Our internal risk management team heads the verification process and uses an internally developed, multi-part assessment.

We are proud of our efforts in this area as reflected in our updated Social Compliance Policy. It states “We have recently expanded our Code of Business Ethics and Conduct to underscore our commitment to protection of human rights in our global business activities.”