



STATEMENT RELATING TO CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT

Clement Pappas and Company, Inc. supports the goals of the California Transparency in Supply Chain Act, which requires companies to disclose the efforts they have made to ensure that their supply chains are free from slavery and human trafficking. To that end, Clement Pappas seeks to ensure that quality and safety standards are maintained throughout our supply chain and that workers are treated fairly and in accordance with all applicable laws. We have undertaken the following efforts to help prevent slavery and human trafficking in our supply chain:

- We periodically review our supply chain and supplier base to determine the level of risk associated with each supplier with respect to slavery and human trafficking based on our knowledge of their industries and their country of origin, and if we believe it is appropriate to do so, we will switch our source of supply to a supplier with a lower level of risk. Employees of Clement Pappas and representatives of our company conduct site visits of suppliers located outside of the United States on a periodic basis and provide annual certifications that based on their knowledge and information the supplier is not engaging in slavery or human trafficking. We have not yet begun conducting independent, unannounced audits of third party suppliers, nor have we used a third party to verify the risks in our supply chain.
- In order to meet the Act's directive relating to supplier certification, each of our suppliers certifies to us that they adhere to the standards of the Ethical Trading Initiative ("ETI"), which can be found at www.ethicaltrade.org.
- If we have reason to believe that a supplier is not in compliance with the ETI standards as they relate to the California Transparency in Supply Chain Act, we will take appropriate steps, including the elimination of the supplier from Clement Pappas's supplier base or, if the violation is less severe, the opportunity to remedy the non-compliance through the development and execution of a corrective action plan.
- We have ensured that key employees from our Procurement/Supply Chain organization are trained to identify and respond to supply chain risk issues such as forced or child labor as part of our procurement process. Key employees were trained by the effective date of the law (January 1, 2012) and we will assess the need for additional or refresher training as appropriate.
- We have amended our Employee Ethical Conduct Policy to include language relating to slavery and human trafficking and required each employee to acknowledge and adhere to the Code of Conduct. Failure to comply with the policy may result in disciplinary action up to and including termination.

Clement Pappas believes that the activities listed above will promote the goals of the Act and help prevent slavery and human trafficking in our supply chain.