



CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT DISCLOSURE STATEMENT

LAST REVISION 04/02/2018

At Powell Electronic, Inc. our core values of honesty, integrity and respect are embedded in everything we do. We believe in partnering with others who share our values and who understand the importance of always conducting business ethically.

We are committed to taking steps to end forced labor, whether in the form of human trafficking, indentured labor, prison labor or otherwise. This statement outlines many of our efforts to eradicate forced labor from our direct supply chains.

VERIFICATION

At Powell Electronics, Inc. we hold our contracted factories to the same high standards of social and environmental responsibility found in our own facilities. We evaluate potential contracted vendors against our rigorous standards and require them to agree to Powell Electronics, Inc. Terms of Engagement prior to entering our supply chain. By agreeing to our Terms of Engagement, contracted vendors are also bound by Powell's Global Compliance Principles. These Principles address topics such as child labor, forced labor, legal wages, discrimination, and harassment-free workplace policies. They also prohibit contracted vendors from engaging subcontractors to supply Powell products without the written permission of Powell Electronics, Inc.



At Powell, we will not knowingly work with vendors that use forced labor. We use our own trained vendor compliance auditors as well as accredited third-party auditors to ensure compliance with our Terms of Engagement.

AUDITS

Before conducting business with Powell, each vendor must undergo a rigorous **Vendor Compliance Audit**. Our on-site audit process includes scheduled and unannounced audits by our trained factory compliance auditors and third-party audit companies. We inspect for evidence of health and safety concerns, wage and social compliance, forced labor, child labor issues, harassment-free workplace policies, and environmental issues. To receive an “accepted” rating, a vendor must not have any serious health, safety or labor issues in its facility. A vendor receiving an accepted rating is authorized to produce our products for one year, at which time it must undergo an annual review. A vendor receiving a “developmental” rating may still provide products, but is audited again within six to nine months and must show continuous improvement in health, safety, and labor issues. A vendor with persistent safety, health, or labor issues that fails to remediate issues within 180 days will be rejected as our supplier and unauthorized to supply product for Powell Electronics, Inc.

CERTIFICATION

Our Terms of Engagement make it clear that contracted vendors must conduct business in full compliance with all applicable laws, rules and regulations and comply with the terms of our Global Compliance Principles. The Principles specifically forbid the use of forced labor and prohibit discrimination or harassment in the workplace. Each vendor certifies compliance with these terms and conditions prior to becoming an approved contracted factory.

ACCOUNTABILITY

All Powell Electronics, Inc. associates must comply with our Code of Business Conduct, which includes principles relating to human trafficking and forced labor. Violation of our Code of Business Conduct by one of our associates can result in disciplinary action, including termination of employment. Consistent with internationally recognized labor standards, our Global Compliance Principles specify minimum working conditions for employees of our suppliers, helping to ensure that wherever our products are produced, each and every product reflects our values. A contracted vendor’s breach of the Terms of Engagement can result in Powell taking corrective action, including termination as an approved contracted vendor.



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TRAINING

Powell associates complete online and facilitator-led training on our Code of Business Conduct and sign an agreement to abide by its principles, including those related to human trafficking and forced labor. For our associates and management who have direct responsibility for monitoring, auditing and enforcing our Global Compliance Principles, we provide additional training conducted by our staff or a third-party. Training includes topics such as identifying child labor, involuntary or forced labor and preventing human trafficking.