SPECTRAL DYNAMICS INC. Policy on Supply Chain Transparency Concerning Modern Slavery and Human Trafficking

The California Transparency in Supply Chains Act of 2010 requires retailers and manufacturers doing business in California to disclose efforts to eradicate slavery and human trafficking from its direct supply chain. Section 54 of the United Kingdom Modern Slavery Act 2015 requires commercial organizations to disclose their policies and other information in relation to slavery and human trafficking, and the steps the organizations have taken to ensure that slavery and human trafficking are not taking place within the business and its supply chains.

Spectral Dynamics Inc. is committed to ensuring that its employees and suppliers take appropriate steps to mitigate the risk of human trafficking and slavery from occurring in any aspect of its business and supply chain. The following information is provided in compliance with the foregoing statutes.

SPECTRAL DYNAMICS Corporation and Its Supply Chain

Headquartered in California, Spectral Dynamics INC. (SD) is a global manufacturer and service supplier for test products to improve the structural performance and reliability of physical things. As a global supplier to aerospace, electronics, and automotive companies SD is committed to a work environment that is free from human trafficking and slavery. SD will not and does not tolerate or condone human trafficking – a modern day form of slavery – in any part of its organization or business relationships.

Trafficking in persons is an international crime involving the acquisition of a human being through the use of force, fraud or coercion, or in which the person induced to perform such act has not attained 18 years of age, for the purpose of exploiting the individual, adult or child, for profit through forced labor, prostitution or both. It constitutes a violation of human rights in which the victims are deprived of their fundamental freedoms. This Policy is consistent with SD's Code of Ethics and Standards of Conduct. It also complies with the requirements of Federal Acquisition Regulation Subpart 22.17 and 52.222-50.

Scope

The Policy applies to all personnel employed by or engaged to provide services to SD, including, but not limited to, employees, officers, temporary employees, contingent workers (including agency workers), casual staff, and independent contractors (collectively herein referred to as "employees"). Every SD employee is responsible for reading, understanding and complying with this this Policy.

Policy

The United States and SD have a policy prohibiting human trafficking and trafficking-related activities. Pursuant to U.S. and SD Policy, forced, bonded (including debt bondage) or indentured labor, commercial sex, involuntary prison labor, slavery, or trafficking of persons shall not be used or tolerated. This includes transporting, harboring, recruiting, transferring, or receiving persons for labor or services by means of threat, force, coercion, abduction, or fraud for the purpose of involuntary servitude, peonage, debt bondage or slavery. Further, as required by law, and pursuant to the Policy, SD, its employees, contractors, subcontractors, agents, vendors, suppliers, partners, and others through whom SD conducts business, shall not:

- Engage in any form of trafficking in persons during the performance of the contract;
- Procure commercial sex acts during the performance of the contract;
- Use forced labor in the performance of any work related to the contract;

- Destroy, conceal, confiscate, or otherwise deny access by an employee to the employee's identity or immigration documents, such as passports or drivers' licenses, regardless of issuing authority;
- Use misleading or fraudulent practices during the recruitment of employees or offering of employment, such as failing to disclose, in a format and language accessible to the worker, basic information or making material misrepresentations during the recruitment of employees regarding the key items and conditions of employment, including wages and fringe benefits, the location of work, the living conditions, housing and associated costs (if provided or arranged by SD or its agent), any significant cost to be charged to the employee, and, if applicable, the hazardous nature of the work;
- Use recruiters that do not comply with local labor laws of the country in which the recruiting takes place;
- Charge applicants/candidates/employees recruitment fees;
- If required by law or contract, fail to provide return transportation or fail to pay for the cost of return transportation upon the end of employment;
- If required by law or contract, fail to provide or arrange housing that meets the host country housing and safety standards; or
- If required by law or contract, fail to provide an employment contract, recruitment agreement, or other required work document in writing. Such written work document shall be in a language the employee understands. If the employee must relocate to perform the work, the work document shall be provided to the employee at least five (5) days prior to the employee relocation. The employee's work document shall include, but is not limited to, details about work description, wages, prohibition on charging recruitment fees, work location(s), living accommodations and associated costs, time off, roundtrip transportation arrangements, grievance process, and the content of applicable laws and regulations that prohibit trafficking in persons.

Each employee, contractor, subcontractor, and agent of SD is responsible for ensuring compliance with this Policy. Any violation of this Policy could result in disciplinary action, up to and including, removal from a contract, reduction in benefits, termination of a business relationship, or termination of employment, subject to applicable law. Violation of applicable laws may also result in criminal prosecution of responsible individuals.

Investigations and Audits

SD may perform investigations and audits to verify that business is being conducted in compliance with this Policy. All SD employees and third parties through whom SD conducts business are required to cooperate with any auditors and investigators fully and promptly and must respond fully and truthfully to any inquiries and requests for documents. Any failure to fully cooperate or hinder an investigation or audit may be grounds for disciplinary action, up to and including termination, subject to applicable law.

Reporting

Credible information regarding a potential violation of this Policy, whether by an employee, contractor, subcontractor, agent, vendor, supplier, partner, and others through whom SD conducts business, must be immediately reported to the Human Resources Department or the Legal Department. Employees who fail to report actual or suspected human trafficking (when there are reasonable grounds to believe it exists) may be deemed in violation of this Policy as permitted by applicable law. Employees may also report potential human trafficking violations to the U.S. State Department's Global Human Trafficking Hotline directly at 1-844-888-FREE (3733) or help@befree.org.

SD will not tolerate retaliation against an employee for reporting a concern in good faith or for cooperating with a compliance investigation related to this Policy, even when no evidence is found to substantiate the report.

Employee Training

SD has developed initial training for recruiters and employees to ensure compliance with company standards regarding slavery and trafficking and will continue to develop and maintain training modules that support our commitment to human rights, including child or forced labor, trafficking of persons, adherence to labor laws, adherence to truthful and trustworthy practices during the recruitment of employees or offering of employment, proper disclosure of information, and proper representations during the recruitment process to include key terms and conditions of employment, wages, fringe benefits, work location, housing, and nature of work.