



May 21, 2015

**S&C Electric Company's Disclosure regarding the California Transparency in Supply Chains Act (SB 657)**

As expressed in S&C Electric Company's (S&C) Guiding Principles, suppliers are selected for the long term based on their integrity, dependability, safety, quality, as well as overall performance, all in an effort to form a mutually beneficial relationship.

With respect to forced labor and human trafficking, S&C does the following:

1. **Supplier Code of Conduct:** S&C's Supplier Code of conduct expressly prohibits both forced and child labor and has been reviewed with suppliers globally. S&C's code of conduct can be found at: <http://www.sandc.com/PDFS/Supplier-Code-of-Conduct.pdf>
2. **Supplier Agreements:** S&C's standard supplier agreements require suppliers to abide by S&C's Supplier Code of Conduct, which prohibits any involuntary or child labor. S&C supplier agreements also state that suppliers are required to comply with all applicable laws which include but are not limited to, slavery, human trafficking, and other exploitative labor practices.
3. **Supplier Evaluations and Audits:** S&C staff regularly performs evaluations at its Tier 1 suppliers' site. In addition to commercial, quality, safety, and manufacturing processes, S&C's evaluation covers a section on how the company recruits, pays, and retains their staff. Many S&C suppliers contain processes that require a specialized work force and so a stable work force is important to maintain overall supplier performance.
4. **Employee Accountability:** S&C holds both team members and suppliers accountable to inform S&C leadership in the event that a supplier is not following the S&C Supplier Code of Conduct. S&C has a worldwide anonymous reporting system to allow either a supplier or employee team member to report any suspected misconduct.
5. **Training:** S&C does not do training that is specifically on forced labor or human trafficking. However, S&C trains its Global Sourcing staff to perform on-site supplier evaluations and look for unsafe conditions on site at our suppliers.
6. **Certification and Verification:** S&C does not have any certification or verification programs for forced labor, human trafficking or child labor. S&C emphasizes that all suppliers and employees should follow all legal requirements at all times.