

California Transparency in Supply Chains Act

The State of California has enacted legislation (The California Transparency in Supply Chains Act of 2010—S.B. 657) that requires retailers and manufacturers above a certain size doing business in California to disclose the steps they are taking to eradicate slavery and human trafficking from the supply chains. Basic American Foods strongly supports the goals of eradicating slavery and human trafficking and supports the best practices presented by the new California legislation. Under no circumstances is it acceptable for child, forced or trafficked labor to be used in the supply chain of products.

Basic American Foods strives to maintain a high ethical standard and to conduct business in compliance with all laws. Ensuring that our suppliers meet these objectives is fundamental to our business.

The points outlined below in bold highlight each of the five areas under the California Transparency in Supply Chains Act which manufacturers or retailers must disclose, followed by an explanation of what Basic American Foods is doing to address these issues.

“Company engages in verification of product supply chains to evaluate and address risks of human trafficking and slavery. The disclosure shall specify if the verification was not conducted by a third party.”

Basic American Foods requires suppliers to refrain from the direct or indirect use of forced labor or any forms of human trafficking and to verify/certify that their supply chains address these issues. Basic American Foods further requires suppliers to certify compliance with laws regarding slavery and human trafficking and that they have implemented procedures regarding their supply chain management to ensure they comply with laws on slavery and human trafficking. The Company does not use third parties to conduct the verification.

“Company conducts audits of suppliers’ compliance with company standards for trafficking and slavery in supply chains. The disclosure shall specify if the verification was not an independent, unannounced audit.”

Basic American Foods reviews our supplier base and assesses all potential suppliers to determine the level of risk associated with each supplier with respect to compliance with the requirements set forth in our standards for suppliers. We expect to do business with only those suppliers that are in compliance with good ethics and the law. In the event a supplier is determined to have a higher level of risk we will audit their facilities. Basic American Foods strives to source components of our products from high quality domestic suppliers. Only a few minor items are sourced off shore. The company does not currently conduct independent unannounced audits of suppliers.

“Company requires suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.

Basic American Foods requires that all direct suppliers certify in connection with the California Transparency Supply Chains Act that the components and/or ingredients sourced, produced, or manufactured by the supplier are not sourced, produced, or manufactured utilizing slavery, human trafficking, child labor or forced labor as such terms are defined by international standards.

“Company maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.”

Basic American Foods requires all employees to comply with our Ethics Statement and Business Conduct Policy. Suppliers, contractors and service providers are also expected to act ethically and within the bounds of our Business Conduct Policy. Basic American Foods maintains procedures for reporting violations of our standards, including a telephone hot-line and anonymous e-mail account. Any alleged violation of policy is investigated by the Business Conduct Committee, and appropriate action will be taken up to and including termination of employees and termination of agreements for suppliers and contractors.

“Company provides company employees and management, who have direct responsibility for supply chain management, training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products.”

Basic American Foods trains employees in the supply chain procurement group to identify and respond to supply chain risk issues such as human trafficking and slavery. Additionally, all employees are required to acknowledge and adhere to our Ethics Statement and Business Conduct Policy. These policies require that all employees comply with all laws in place where business is conducted.