



DAP Products Inc. and the California Transparency in Supply Chains Act of 2010

The California Transparency in Supply Chains Act of 2010 was approved by the Governor of California on September 30, 2010. The act requires retailers and manufacturers doing business in the State of California to disclose efforts to eradicate slavery and human trafficking from their direct supply.

DAP's status with regard to the California Transparency in Supply Chains Act is as follows:

1. DAP has conducted an initial evaluation of its supply chain. Every year we use a third party verification process examining relevant information about each supplier. The third-party partner also subjects new suppliers to this examination process before placing orders. Most of DAP's direct suppliers are located in the United States. Although human trafficking and slavery may exist in the United States, reports issued by relevant U.S. government agencies indicate that the United States is not at significant risk for these activities.
2. Because of the low risk in our supply chain, we do not currently plan to audit our suppliers for compliance. However, we will consider more intense measures such as auditing or third party verification for any suppliers we determine have a higher level of risk. If we suspect a supplier is involved in these activities, we will conduct an inquiry and take corrective action where possible.
3. DAP includes contractual provisions in its relevant procurement contracts prohibiting the applicable suppliers from engaging in slavery and human trafficking. In addition, the terms and conditions on our purchase orders will ask suppliers to represent and warrant that they do not and will not knowingly use any slave labor or engage in any human trafficking.
4. DAP's internal accountability standards and procedures arise after any issues are raised about a supplier. A formal corrective action plan would be developed with specific timeframes in which to correct the problems. While we may provide a de minimus amount of time for factories to correct minor issues, we consider things such as forced/prison labor, slavery, human trafficking, child labor, physical/sexual abuse, and bribery of an auditor to be zero-tolerance issues requiring immediate remediation or withdrawal from the facility - depending on the circumstances. If a supplier is unable to correct deficiencies as agreed, our arrangement with such a supplier would be terminated.
5. DAP will provide training for DAP associates who work with our procurement and supply chain on the issues involved with slavery and human trafficking as well as identification of risk.