

## **California Transparency in Supply Chains Act of 2010 (SB 657)**

To address the regulations of the California Transparency in Supply Chains Act of 2010 (SB 657):

1. Kodiak-Terra USA Inc. assesses the risk of human trafficking and slavery related to the apparel and footwear supply chain. Risk assessment is performed either internally or externally, or both.
2. Kodiak-Terra USA Inc. conducts code of conduct audits of direct suppliers. We have developed and issued a code of conduct to our direct suppliers. Direct suppliers are evaluated on their compliance of our code through audits. Our audits are generally announced with reserved right of unannounced visits and are performed by either third party or internal auditors, or both.
3. Kodiak-Terra USA Inc.'s purchasing agreements require all suppliers to comply with applicable laws within the country of business, international standards, and trade regulations regarding human trafficking and slavery.
4. Kodiak-Terra USA Inc. maintains and rigorously enforces internal accountability procedures for employees and contractors regarding company standards in human trafficking and slavery. In the case of non-compliance, Kodiak-Terra USA Inc. reserves the right to examine the specific situation and in conjunction with the supplier develop a best possible strategy for resolution. If cases of non-compliance are not resolved within a timely manner, Kodiak-Terra USA Inc. may terminate the business relationship. While Kodiak-Terra USA Inc. wishes to aid in the resolution of incidences of human trafficking and slavery within Kodiak-Terra USA Inc.'s supply chain, it is not possible to effectively solve the issue of noncompliance without the cooperation of the supplier.
5. Kodiak-Terra USA Inc. conducts internal training on Kodiak-Terra USA Inc.'s code of conduct to ensure the necessary participants in supply chain management are knowledgeable and aware of the issues and concerns surrounding the supply chain, including human trafficking and slavery, with a particular focus on mitigating risks. Kodiak-Terra USA Inc. requires employees involved in Kodiak-Terra USA Inc.'s supply chain to regularly participate in external training programs and seminars on social compliance issues, including a required course on the issues of human trafficking and slavery conducted by the University of Delaware.