



09/23/2019

SUPPLY CHAIN ZERO TOLERANCE POLICY

CHILD LABOR – No supplier shall utilize any form of child labor as defined by the ILO, United Nations Conventions and/or by national law. Supplier shall have a procedure for validating the age of all employees. Individuals younger than the legal working age shall not be permitted in production facilities.

FORCED LABOR – All workers must be free to leave the workplace at all times. Overtime shall not be forced against the will of employees. No original employee identification documents shall be kept by the factory. No other tactics to force work upon employees shall be used.

INHUMANE TREATMENT OF WORKERS – Corporal punishment or any other form of physical punishment is not permitted. Employees shall not be subjected to any form of degrading treatment, mental or physical coercion, and/or verbal abuse.

MODERN SLAVERY – No supplier shall engage in any form of slavery. This includes but is not limited to any of the following: human trafficking, servitude, the sale or exploitation of children and debt bondage.

DISCRIMINATION – No individual shall be discriminated against on the basis gender, age, religion, race, caste, social background, disability, ethnic and national origin, nationality, membership in workers' organizations including unions, political affiliation, sexual orientation, or any other personal characteristics.

SAFE WORKING CONDITIONS – All suppliers should provide a safe working environment for employees. Violations that represent an imminent and significant threat to employee health, safety or lives are strictly forbidden.

ETHICAL BUSINESS OPERATIONS – All business is to be conducted in an ethical manner. This includes providing factual business information, no attempted bribery of auditors or Hit employees, and no intentional misrepresentation of manufacturing locations.



REMEDICATION OF ZERO TOLERANCE FINDINGS – IN THE EVENT THAT ONE OR MORE ZERO TOLERANCE FINDINGS ARE IDENTIFIED BY AN AUDITOR OR ANY REPRESENTATIVE OF HIT PROMOTIONAL PRODUCTS, INC. (HIT) THE FOLLOWING ACTIONS ARE REQUIRED.

- **WITHIN 48 HOURS OF FINDING NOTIFICATION** - A FORMAL WRITTEN RESPONSE FROM THE SUPPLIER ACKNOWLEDGING THE ROOT CAUSE OF THE FINDING AND IMMEDIATE PLAN FOR REMEDIATION.
- **WITHIN 30 DAYS** – DETAILED CORRECTIVE ACTION INCLUDING DOCUMENTS, IMAGES, AND ANY OTHER INFORMATION REQUESTED BY HIT TO VALIDATE REMEDIATION.
- **UNANNOUNCED AUDIT** – SUPPLIERS WITH IDENTIFIED AND REMEDIATED ZERO TOLERANCE ACTIONS ARE SUBJECT TO UNANNOUNCED AUDIT BY HIT, A REPRESENTATIVE OR APPOINTED 3RD PARTY AT ANY TIME WITHIN 12 MONTHS OF CORRECTION. THE DATE AND TIME FOR THIS AUDIT WILL BE AT THE SOLE DISCRETION OF HIT. REFUSAL OF ACCESS FOR THIS AUDIT WILL RESULT IN IMMEDIATE SUSPENSION OF FACTORY AND CANCELLATION OF ANY PURCHASE ORDERS.

HIT HAS THE SOLE AUTHORITY TO TERMINATE ANY SUPPLIER RELATIONSHIP BASED ON EXCESSIVE VIOLATIONS, INABILITY OR REFUSAL TO REMEDIATE CORRECTIVE ACTIONS, AND ANY SUSPECTED EFFORT TO CIRCUMVENT THIS POLICY. THIS INCLUDES CANCELLATION OF OPEN PURCHASE ORDERS REGARDLESS OF PRODUCTION STATUS.

IN THE EVENT OF REPEAT ZERO TOLERANCE FINDINGS HIT HAS THE DISCRETION TO ALLOW ADDITIONAL REMEDIATION OR TO IMMEDIATELY TERMINATE THE SUPPLIER RELATIONSHIP.

A handwritten signature in black ink, appearing to read "Nathan Cotter".

NATHAN COTTER
VICE PRESIDENT OF COMPLIANCE