Due Diligence Process for Child, Forced Labor, and Human Trafficking

In line with the OECD Due Diligence Guidance for Responsible Business Conduct, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the Federal Child Labor Provision of the Fair Labor Standards Act of 1938 (FLSA)

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1. Introduction

Precision Concepts International (PCI) categorically rejects child labor, forced labor, and modern slavery practices, or any actions that violate individual human rights and the ILO Declaration on Fundamental Principles and Rights at work. As we set forth these principles, we envision a workplace where every employee contributes to building a fair, just, and inclusive environment for all. In support of these principles, PCI is undertaking a comprehensive due diligence process for child labor, forced labor, and human trafficking. At PCI, we are committed to eliminating all forms of force and child labor throughout our supply chain.

2. Definitions

Child: A child is generally defined as a person under the age of 15. However, there are two exceptions:

1. If the local minimum age law stipulates an age older than 15 years for mandatory schooling or as a minimum age requirement for work, a child is defined as anyone below this age. *For example: In Brazil, the minimum age requirement for work is 16, therefore a child is defined as anyone under the age of 16.*
2. In accordance with ILO Convention No. 138, certain developing countries may set the minimum age for work at 14 years. If this is the case, a child is defined as any person under the age of 14. *For example: In India, the minimum age for work is 14.*

Child Labor: Any labor conducted by a child younger than the age specified in the above definition. Additionally, any labor undertaken by a child younger than the minimum age set forth by the ILO in the relevant conventions in relation to the type of work being carried out (i.e., for hazardous work, such as most mining-related occupations, the minimum age is set at 18 by ILO Convention No. 138). *For a full list of ILO conventions related to child labor, click here and see the section titled "International Labour Standards on Child Labor".*

Forced Labor: As defined by ILO Convention No. 29, forced labor includes all work or service which is exacted from any person under the threat of a penalty and for which they have not offered themselves voluntarily. *For example, a person is forced to work and give a portion of their wages to a third party under the threat of violence.*

Human Trafficking: As defined by the United Nations Office on Drugs and Crime, human trafficking is the recruitment, transportation, transfer, harboring, or receipt of people through force, fraud, or deception, with the aim of exploiting them for profit.

3. Responsibilities

The following responsibilities are expected of each group or individual detailed below in order to effectively carry out the procedure described in this document:

Role	Responsibilities
Procurement Team	Responsible for implementing and overseeing this Child Labor – Due Diligence Procedure across all suppliers and communicating expectations regarding child labor policies and requirements to suppliers.
Management	Responsible for communicating applicable measures throughout the company and providing the means to support their implementation. Responsible for approving the contents within this procedure.
Suppliers	Responsible for providing accurate and transparent information regarding their labor practices, including the employment of minors. In addition, suppliers are expected to cooperate with audits and assessments conducted by the company to evaluate compliance with child labor policies.

4. Our Due Diligence Approach

This document describes PCI's due diligence approach to prevent child labor, forced labor, and human trafficking from entering our supply chain. This document outlines the actions PCI takes to investigate current suppliers and establish requirements for future partners to eliminate possible child labor throughout our supply chains.

This Due Diligence approach is based on the OECD Due Diligence Guidance for Responsible Business Conduct. The six established steps for best-practice due diligence are shown in Figure 1 and provide the structure for our due diligence approach.

These six steps are:

1. Embed responsible business conduct into policies and management systems.
2. Identify and assess adverse impacts in operations, supply chains, and business relationships.
3. Cease, prevent, or mitigate adverse impacts.
4. Track implementation and results.
5. Communicate how impacts are addressed.
6. Provide for / Cooperate in remediation when appropriate

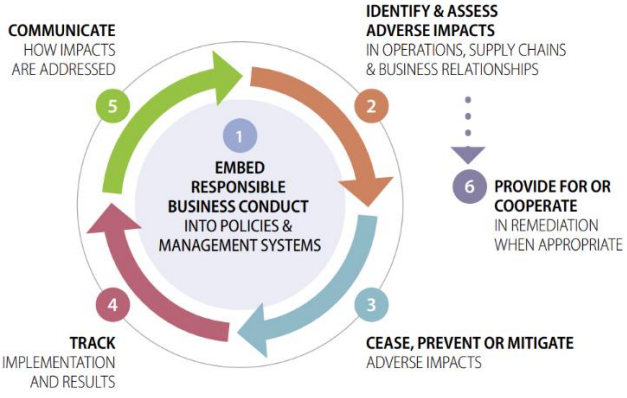

Figure 1 – OECD Due Diligence Guidance for Responsible Business Conduct

5. Step 1: Embed Responsible Business Conduct into Policies and Management Systems

To ensure that responsible conduct is embedded int out management systems and company as a whole, we have implemented multiple mechanisms:

1. Labor and Human Rights Policy

PCI has established a comprehensive Labor and Human Rights Policy to ensure a work environment that respects human rights and provides equal opportunities. This policy complies with all applicable laws, labor standards, and our Code of Conduct, and is designed to set a high standard for ethical practices beyond legal compliance. It outlines our commitment to responsible labor practices and is communicated internally and externally to our stakeholders.

2. Sustainable Procurement Policy

PCI has implemented a sustainable procurement policy that sets forth our requirements for procurement activities in line with best practice on sustainability performance and outcomes. This document governs how we approach procurement practices and relationships with suppliers, including our stance on child labor, forced labor, and human trafficking. All PCI employees are expected to abide by this policy, and it can be publicly communicated to suppliers / affiliates to demonstrate our stance on sustainability in our supply chain.

3. Supplier Code of Conduct

PCI requires all its key suppliers to sign a code of conduct that includes various provisions on environmental and social aspects. The specific conditions within the code of conduct regarding child labor, forced labor, and human trafficking are below:

“Supplier does not employ or require work to be performed by individuals younger than 16 years of age. Supplier complies with all legal requirements for authorized workers, including, without limitation, those pertaining to hours of work, wages, working conditions, and employment rights. Supplier does not use forced labor, whether prison, bonded, indentured or otherwise and will not engage in or support trafficking in human beings or require forced overtime. Supplier has implemented and maintains a reliable system to verify the eligibility of all workers.”

6. Step 2: Identify and Assess Adverse Impacts in Operations, Supply Chains, and Business Relationships

1. Operations

PCI is committed to ensuring that we internally prevent child labor, forced labor, and human trafficking. Through the following mechanisms, we identify and assess adverse impacts:

Employee and Candidate Identification Check

PCI conducts a thorough identification check during the onboarding and recruitment process for all employees and candidates to ensure that our workforce is of the appropriate age and adheres

to our internal standards. By verifying identities through background checks, including verifying identification documents, we prevent the employment of underage individuals not authorized to work under federal and international employment laws and ensure that all employees are working of their own free will. This practice supports the integrity and smooth operation of our workforce.

Human Rights Impact Assessment

PCI conducts Human Rights Impact Assessments (HRIA) to identify, understand, and address the potential adverse effects of our activities on human rights. This process involves engaging with stakeholders through research and direct interactions to ensure thorough evaluation and effective mitigation. The insights gained inform our strategies for addressing human right concerns and integrating these considerations into our operations.

Complaints Mechanism

PCI firmly opposes child labor, forced labor, and modern slavery practices, as well as any actions that violate individual human rights and the ILO Declaration on Fundamental Principles and Risk at Work. Our comprehensive grievance mechanism is integral to embedding responsible business conduct into our management systems, particularly as part of our due diligence process for these issues. We ensure that all stakeholders are informed about the grievance process and receive support to overcome barriers such as language or minority status. Our non-retaliation process protects individuals who raise concerns, and we maintain the confidentiality of all parties involved. This mechanism includes a clear remediation procedure, reinforcing our commitment to a fair, just, and inclusive workplace where every employee contributes to our core values. Find information on how to use this mechanism in Section 7 of our Labor and Human Rights Policy.

2. Supply Chains and Business Relationships

PCI has mechanisms in place to identify and assess adverse impacts along its supply chain. These processes serve as a mechanism for monitoring and improving the environmental and social performance of PCI's suppliers over time, specifically including child labor, forced labor, and human trafficking. It ensures that they are working toward quantifiable goals that reduce their environmental and social impact as required in our Supplier Code of Conduct.

The results of the questionnaire, risk assessment, and audit help inform the way that PCI develops programs for supplier capacity building on sustainability issues and identifies areas that are impeding the achievement of its overall sustainability objectives. Further, repeat poor performance from suppliers on these matters triggers a re-evaluation of the relationship between the supplier and PCI.

Supplier Sustainability Assessment Questionnaire

PCI undertakes regular assessments of its current suppliers to review their sustainability practices by issuing a biennial questionnaire. This assessment is filled by the suppliers themselves – to reflect on their environment and social sustainability management system as well as the progress made. The questionnaire covers a wide range of topics, including both child labor, forced labor, and human trafficking. This questionnaire is sent to all new suppliers and is re-sent to existing suppliers biennially.

Supplier Risk Assessment

PCI assess the risks in its supply chain through a sustainability risk assessment, which allows us to generate risk scores according to each of our suppliers. Further, this risk assessment includes information provided through the Supplier Sustainability Assessment Questionnaire. The internal sustainability risk assessment of our suppliers includes a wide range of topics, such as environmental, social, ethical, and geographic risk. Our internal sustainability risk assessment is conducted on a biennial basis.

Audits and Inspections

PCI conducts comprehensive audits and inspections to identify and address issues related to child labor and forced labor within our supply chain. This process involves engaging our direct suppliers through self-assessment and/ or the quality function site audit process. Alternatively, we may require our direct suppliers to submit recent third-party audit reports that specifically address social issues, such as child labor, forced labor, and human trafficking. Our reporting includes consolidated data on the number of incidents identified and the frequency of inspections conducted. By focusing on our direct suppliers, we prioritize transparency and accountability, using the insights gained from these audits to continuously improve our practices and enhance our supply chain standards.

7. Step 3: Cease, Prevent, or Mitigate Adverse Impacts

If actual adverse impacts relating to child labor, forced labor, or human trafficking have been identified at the previous steps, PCI will cooperate with the involved stakeholder(s) and supplier(s) to implement practical actions to cease, prevent, or mitigate these impacts:

- We consult with impacted stakeholders and rightsholders to obtain internal and external expertise and identify which potential or actual impacts may be addressed, at least partly, immediately.
- We prioritize our actions based on the seriousness of the impact and the efforts needed to address these. We provide training and capacity building to the workers and management of the suppliers identified as risker to prevent adverse impacts on child labor, or if the impact is identified internally, we work with our team to build capacity on how to prevent similar matters in the future.
- We establish regular monitoring and auditing processes to ensure ongoing compliance with ethical standards:
    - If we have evidence of actual adverse impacts, we will collaborate with relevant stakeholders, including industry peers, NGO’s, and local authorities, to address systemic issues contributing to child labor.
    - We will develop and implement remediation plans for suppliers with identified adverse impacts, focusing on corrective actions and improvements. We will make sure to assign clear responsibilities for implementing and monitoring these plans.
    - In cases where we estimate that no actions can be taken to mitigate the impacts identified in Step 2 (Section 6), we will disengage with suppliers found to be directly involved in child labor, forced labor, or other adverse impacts.

8. Step 4: Tracking and Reporting

PCI thoroughly tracks the implementation and effectiveness of its child labor due diligence activities, both on identification and prevent and mitigation actions, by taking the following actions:

- We carry out periodic internal reviews or audits to assess the outcomes achieved regarding our suppliers' commitments and goals.
- Where required, we conduct periodic assessments of our business relationships to verify that risk mitigation measures are being effectively pursued and to ensure that adverse impacts have been prevented or mitigated.
- We report relevant information regarding the findings of our due diligence processes, including the outcomes of our monitoring, assessments, and stakeholder engagements. On certain indicators, we report publicly as part of our ongoing sustainability performance communication.
- We document and share lessons learned from our due diligence activities to foster continuous improvement and use this feedback to refine and enhance our processes and practices.

9. Step 5: Communication

The results of the risk assessment (i.e., number of high-risk suppliers, number of mitigation actions taken, etc.) will be published on our website annually. Our external and internal communication on Child Labor includes SMART objectives. We strive to make our assessments publicly available also by undertaking market initiatives such as EcoVadis assessments, encouraging our suppliers to register their performance as well.

10. Step 6: Remediation (Optional)

Remediation is an optional step in the OECD Due Diligence Guidance for Responsible Business Conduct. As such, PCI will engage in remediation efforts when the impact has been identified internally to PCI. Further, when the impact has been identified in PCI's supply chain and business relationships, PCI will assess whether involved in the remediation process is necessary. This process should consider the supplier or affiliate's proximity to PCI, the yearly spend on good acquired from the supplier, the severity of the case, and PCI's scope of influence on the case in general.

Following the identification of a case of child labor, forced labor, or human trafficking in our operations or supply chain, the following remediation can be undertaken:

1. Ensure that child or worker ceases work immediately and is provided with a clear explanation of the next steps. An appropriate member from the supplier's on-site Human Resources / Personnel Team must be present to support them.
    a. The HR representative is responsible for ensuring that steps in this remediation procedure are being followed. Additionally, they are responsible for providing emotional support / resources to the victim.
2. A full review of all site personnel records will be undertaken, and a list will be compiled of all other potential cases of child labor / forced labor / human trafficking.

3. PCI will work with the supplier to ensure that the children or forced laborers will have access to safe and adequate housing, are provided with meals, and are adequately protected from harm in the immediate aftermath of the case until:
   a. In the case of child labor, they are reunited with their family.
   b. In the case of forced labor or human trafficking, they are taken into the care of a relevant governmental or non-governmental organization.
4. If required by law within the jurisdiction where the incident has occurred, inform the relevant local authorities.
5. Inform PCI's corporate headquarters by emailing [insert email here].
6. PCI's headquarters and the supplier will investigate together how the incident occurred, how the remediation process was handled, and what actions can be taken to prevent reoccurrence.
   a. A report detailing, at a minimum, these three criteria must be completed and presented to the ELT no later than 5 days after the headquarters is notified of the incident.

11. Document Governance

Revision	Date	Description / Summary of Changes	Author
000	01-SEP-2024	Initial Release	Amanda Harner HR OPS
001	01-SEP-2026	Changed branding and all instances of "Comar" to PCI"	Mikayla Simphaly Quality & Regulatory Engineer

With the Acknowledgement and Approval of:

ELECTRONICALLY AUTHORIZED	DATE:	9/24/2026
Mary Connery, VP of Human Resources	LOCATION:	Corporate

Next Review: 09/01/2027