

## California Transparency in Supply Chains Act

The California Transparency in Supply Chains Act of 2010 (SB 657), effective January 1, 2012, requires manufacturers and retailers above a certain size doing business in California to disclose their efforts (if any) to eradicate human trafficking and slavery from their direct supply chains. In support of this law, Big 5 Sporting Goods has provided the following disclosures:

**Verification:** We engage in verification of our product supply chain to evaluate and address risks of human trafficking and slavery through various means, including but not limited to, reviewing factory profile information and external resources such as the U.S. Department of State's Trafficking in Persons Report and other information provided by third party trade associations.

**Auditing:** We have engaged third party organizations to assist in our implementation of a supply chain auditing program. Beginning in the first quarter of 2012, we plan to begin a combination of announced and semi-announced audits of factories that produce products sold under our trademarks to evaluate compliance with our Vendor Code of Conduct. These audits will be conducted by an accredited independent supply chain assessment body. We also will accept audits conducted by other internationally accredited organizations, such as Worldwide Responsible Apparel Production (WRAP) and Business Social Compliance Initiative (BSCI), provided these audits meet our internal criteria as stated in our Vendor Code of Conduct.

**Certification:** Since December 2011, we have required manufacturers that produce products sold under our trademarks to certify that (1) that materials incorporated into the product produced for us comply with the laws regarding slavery and human trafficking of the country in which they are doing business; (2) they will comply with all other applicable laws and regulations regarding labor, wages, and workplace health and safety; and (3) they are in compliance with our Vendor Code of Conduct and they authorize us and third party auditors acting on our behalf to conduct audits (announced or unannounced) of the manufacturer's factory.

**Internal Accountability:** Annually, all Big 5 employees are required to verify that they have read and understood our Code of Business Conduct and Ethics which, in part, requires employees to perform their duties in compliance with all applicable laws and regulations. Our vendors and partner factories are required to comply with our Vendor Code of Conduct which, among other things, prohibits the use of human trafficking and slavery throughout the supply chain. Alleged violations of our policies are investigated and, if confirmed, appropriate action is taken, up to and including termination of employment or the business relationship.

**Training:** We provide our employees who have direct responsibility for supply chain management with education and training on mitigating the risk of human trafficking and slavery within the supply chain. We are members of the National Retail Federation and the Vendor Compliance Federation and work with other third party organizations with extensive experience and knowledge in the field of ethical sourcing. Our employees with direct responsibility for supply chain management participate in relevant training programs and seminars provided by these organizations.