



Teledyne's Disclosure under the California Transparency in Supply Chains Act of 2010

December 14, 2011

Effective January 1, 2012, the California Transparency in Supply Chains Act of 2010 requires retailers and manufacturers doing business in California, like Teledyne, to disclose efforts to eradicate slavery and human trafficking from its direct supply chain to tangible goods offered for sale. The following is disclosure under the Act for Teledyne and its subsidiaries:

1. *Risk Assessment/Verification.* Teledyne has periodically assessed risks associated with its supply chain, including that of its subsidiaries and business units. Its Supplier Risk Mitigation Procedure reminds Teledyne companies to consider a combination of selection criteria, apart from price alone, when selecting suppliers. One such question to be considered is whether the supplier has a written policy barring the use of forced labor, slavery or human trafficking or has otherwise certified to Teledyne that it will not engage in any such conduct. Nonetheless, while Teledyne's supply chain is linked globally, Teledyne believes that the countries in which its suppliers are predominantly located and the vast majority of items, components and parts supplied for its products are not such that would present significant risk of slavery and human trafficking. This belief is based in part on information contained in the Trafficking in Persons Report 2011 published by the U.S. Department of State and the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor issued on September 30, 2011. Because of this low risk, Teledyne has not employed a third party for verification.
2. *Auditing.* Because Teledyne does not believe this risk in its supply chain is significant, Teledyne has not audited its suppliers for compliance. To the extent this belief changes, Teledyne will consider stronger measures such as auditing or third party verification for any suppliers that it determines present greater risk.
3. *Supplier Agreement.* In November 2011, Teledyne issued a Supplier Bulletin alerting suppliers to the California Transparency in Supply Chains Act of 2010 and to expect further communications in regard to compliance with this new law. For years Teledyne has published a booklet entitled "Ethics – Objectives and Guidelines for Service Providers," which sets forth various policies of Teledyne and standards of business conduct expected from our suppliers. Among other things, these guidelines expressly

require suppliers to comply with applicable laws and regulations. Teledyne has now revamped and is replacing these guidelines with a Code of Conduct for Service Providers. Such Code of Conduct makes it clear that Teledyne does not intend to do business with suppliers that are engaged in slavery and human trafficking. Additionally, such Code restates Teledyne's expectation that its suppliers provide a workplace free from harassment and discrimination, as well as a safe and sanitary workplace. In its terms and conditions on purchase orders, Teledyne also recently added a sentence asking its suppliers to represent and warrant that they do not and will not knowingly engage in any forced labor, slavery or human trafficking.

4. *Internal Accountability.* Teledyne requires its employees to sign a booklet entitled "Ethics – Corporate Objectives, Policies and Guidelines for Employee Conduct" and provides periodic ethics training to its employees. It also historically has required its consultants, sales representatives and distributors to sign its "Ethics – Objectives and Guidelines for Service Providers." These guidelines are being replaced by Teledyne's Code of Conduct for Service Providers. Teledyne makes it clear in this new Code, and starting in 2012 will conduct training to bolster, that Teledyne does not intend to do business with suppliers that are engaged in slavery and human trafficking. Additionally, as part of its training efforts, Teledyne will advise its employees and its service providers to bring any suspected supplier issues involving slavery and human trafficking to the attention of Teledyne's Chief Ethics Officer, local ethics personnel or management. Employees are periodically reminded that the failure to comply with laws and Teledyne's policies and guidelines may be grounds for disciplinary action, including termination. Agreements with consultants, sales representatives and distributors provide for termination for noncompliance with laws and standards of conduct.
5. *Procurement Training.* Teledyne's provides periodic training to its employees responsible for procurement. Teledyne is undertaking to familiarize its buyers with identifying slavery and human trafficking issues and mitigating such risks, among others, within its supply chain of products. As noted above, one of many questions procurement personnel are to consider when selecting a supplier relates to slavery and human trafficking.