

Trimble Electronic Industry Code of Conduct (EICC)

On January 1, 2012, the California Transparency in Supply Chains Act of 2010 (SB 657) will go into effect in the State of California. This law was designed to increase the amount of information made available by manufacturers and retailers regarding their efforts (if any) to address the issue of slavery and human trafficking, thereby allowing consumers to make better, more informed choices regarding the products they buy and the companies they choose to support.

Trimble Navigation Ltd (TNL) is adopting the Electronic Industry Code of Conduct (EICC) version 3.0 (2009) as underpinned by international labor and human rights standards to be our guideline. We believe that workers at supplier facilities have the right to:

- freely choose employment; forced, bonded or indentured labor or involuntary prison labor shall not be used
- no under-aged child labor
- remain free of harassment and unlawful discrimination
- receive humane treatment, no abusive or threats of abusive punishment
- personal safety in an environment with business policies that protect worker's health and safety from un-safe hazardous duties and un-safe exposure to hazardous chemicals
- work in an environment of high business integrity, without influence of corruption or bribery
- receive wage and benefits in compliance with local laws
- overall, work in an environment that is compliant with the laws of their country and international standards of conduct with employees

TNL is undertaking an effort to ensure and verify our Production Supplier's compliance with the EICC. These efforts include:

- **Risk-based supplier evaluations** TNL performs evaluations of potential suppliers according to our *risk-based approach*. This approach includes preliminary risk assessments and supplier assessment questionnaires.
- **Supplier audits** Our periodic supplier audit program includes an evaluation of our supplier's compliance with EICC. A finding of nonconformance with EICC will result in a corrective action plan and time table to remedy. The corrective action plans outline how a supplier will resolve issues uncovered in audits.
- **Supplier agreements** TNL will be incorporating compliance with EICC terms in our purchasing agreements or purchase order terms and conditions in place with all our direct suppliers and ODM (original design and manufacturing) suppliers.

The following paragraphs explain our Risk-Based supplier management system.

Phase 1: Supplier EICC Risk review

TNL considers supplier risk profiles and conducts a formal risk assessment if necessary. The risk factors we use include:

- **Location** Risk is higher in some locations than others

- **Procurement category** Risk is higher in some procurement categories, such as a small business manufactured parts supplier, and lower in others, such as large business or a Western (USA or European) owned company operating in a developing country.
- **Company information** Insight from previous audits, press articles, incidents, or accidents may affect our assessment of supplier risk

Phase 2: Assessment

If TNL's risk assessments show a supplier poses high risk, they must complete a self-assessment questionnaire. These help us identify potential risks, and help suppliers understand our expectations for conformance to the Electronic Industry Code of Conduct (EICC). TNL reviews and provides feedback on the self-assessment, and suppliers create and implement an improvement plan, if required.

Phase 3: Validation and Improvement

Validating conformance: TNL periodically audits suppliers for quality control purposes and such audits will include compliance to EICC requirements.

Responding to nonconformance: We rank nonconformance to the EICC using standard ISO guidelines.

Major nonconformance: A significant failure in the management system that affects a company's ability to ensure conditions conform to the EICC. Suppliers must demonstrate that they have addressed major non-conformances within 180 days, by delivering appropriate documentation or other evidence of resolution. For major nonconformances that require subsequent monitoring, we return to all audited sites within one year.

Minor nonconformance: Not a systemic problem and typically an isolated finding, such as an overdue corrective action from an internal audit or a procedure that has not been revised to reflect a change in regulations. Suppliers have up to 360 days to address minor nonconformances.

Corrective action plans: TNL requires suppliers to provide a detailed corrective action plan addressing all identified nonconformances within 30 days of receipt of the site audit report. We review these plans and may request quarterly reports to allow us to monitor progress and subsequent closure of nonconformances. When progress is inadequate, we will intervene to help create a more effective plan.

New suppliers: We introduce new suppliers to our EICC requirements in the early stages of evaluation and this becomes one of our conditions for engagement with a new supplier.