



## **STATEMENT REGARDING CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT OF 2010 AND THE UNITED KINGDOM MODERN SLAVERY ACT OF 2015**

As part of our commitment to supply lawful products throughout the world, PCB Piezotronics, Inc. (“PCB”) supports the aims of the California Transparency in Supply Chains Act of 2010 and the United Kingdom Modern Slavery Act of 2015. In an effort to eradicate slavery and human trafficking from our product supply chains, PCB has taken the actions detailed below.

**Company Structure and Business.** PCB is a manufacturer of pressure, force, vibration and acoustic sensors used in dynamic and static monitoring applications. PCB is a wholly-owned subsidiary of MTS Systems Corporation (“MTS”). MTS is a publically traded corporation, the shares of which are traded on NASDAQ (Symbol: MTSC).

**Our Supply Chain.** PCB uses various suppliers in order to ensure that it provides the highest quality goods and services to its customers. PCB has a relatively small number of suppliers outside of the United States and most of its direct suppliers are located in Tier 1 countries, as identified by the United States Department of State in its 2014 Trafficking in Persons Report.

**Our Policies.** PCB is committed to ensuring that it conducts its business with respect for human rights and in compliance with all applicable laws and fair labor practices. PCB’s commitment is evidenced by, but not limited to, its compliance with MTS’s Global Code of Ethical Business Conduct and MTS’s Global Human Rights Policy, both of which contain provisions prohibiting forced labor and human trafficking.

**Verification.** Prior to partnering with any new suppliers, our Purchasing Department conducts an initial screening. Compliance with PCB’s supplier requirements is surveyed in our Supplier Qualification Survey, which includes a question regarding compliance with slavery and human trafficking laws in the country or countries in which the supplier does business. We rely on these self-evaluations, and when appropriate, verification through on-site audits, to ensure our suppliers are complying with the responses they provide. Approved suppliers are reviewed on a three (3) year cycle.

**Audits.** To date, PCB has not conducted any supplier audits regarding compliance with anti-slavery and human trafficking laws specifically. However, as stated above, most of our direct suppliers are located in Tier 1 countries as identified by the United States Department of State in its 2014 Trafficking in Persons Report. Tier 1 countries currently have the lowest risk of slavery and human trafficking occurring.

**PCB PIEZOTRONICS, INC. — CORPORATE HEADQUARTERS**

3425 Walden Avenue, Depew, New York 14043-2495 USA

Phone: 716-684-0001 Fax: 716-684-0987

E-mail: [info@pcb.com](mailto:info@pcb.com)

Web site: [www.pcb.com](http://www.pcb.com)

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ISO17025 Accredited**



**Certification.** As part of our Supplier Qualification Survey (described above), Suppliers must certify that the statements they have made are true and correct to the best of their knowledge. In the past, we have also asked suppliers to certify that they will meet and comply with the ethical values of our customers, including specific prohibitions against forced, prison or indentured labor as well as against subjecting workers to any form of compulsion, coercion or human trafficking. In addition, our Purchase Order Terms and Conditions require suppliers who provide items to PCB in support of and/or relating to a U.S. Government contract to comply with 48 CFR 52.222-50, Combating Trafficking in Persons.

**Accountability and Training.** As stated above, PCB adheres to MTS's Global Code of Ethical Business Conduct and MTS's Global Human Rights Policy. All employees are required to review MTS's Global Code of Ethical Business Conduct annually and are required to comply with the Global Code of Ethical Business Conduct and all other corporate policies and procedures, including MTS's Global Human Rights Policy. Periodic training also is provided to employees on a variety of ethics topics. PCB's employees also may report any ethics or compliance concerns confidentially to the MTS AlertLine or directly to any supervisor. Any such concerns are promptly and thoroughly investigated and corrective action is taken when needed.

PCB is committed to providing our customers with TOTAL CUSTOMER SATISFACTION. We will continue to scrutinize our suppliers to ensure that our supply base reflects the ethical values of PCB and our customers.

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Web site: [www.pcb.com](http://www.pcb.com)

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