

OUR COMPLIANCE WITH THE CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT OF 2010

On January 1, 2012, the California Transparency in Supply Chains Act of 2010 (the “Act”) will go into effect in the State of California generally for retail sellers and manufacturers doing business in California, which have worldwide gross receipts of more than \$100,000,000. The Act was designed to increase the amount of information made available by retailers and manufacturers regarding their efforts 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. We believe that workers at our facilities and our supplier facilities have the right to freely choose employment and not be subject to exploitation as a condition of employment. Slavery and human trafficking can take many forms, including forced and child labor. We plan to increase our efforts to ensure and verify the absence of forced labor and child labor in our supply chain.

First, we are in the process of preparing a new Code of Conduct for Suppliers (“Supplier Code of Conduct”), which should be finished in 2012. We plan to distribute this Supplier Code of Conduct to our major suppliers and we plan to encourage them to comply with it. We seek to proactively combat this problem by holding our business partners accountable to take greater social responsibility for their participation in the global economy. As part of the collaborative effort to ensure forced labor and human trafficking does not occur in the supply chain, we also plan to safeguard against violations of local law. Our Supplier Code of Conduct requires our suppliers affirm that their materials incorporated into their products comply with the local laws regarding forced labor and human trafficking of the respective country or countries they conduct business in.

If a supplier rejects the Supplier Code of Conduct, we will emphasize that we will not tolerate serious or repeated violations and can terminate the relationship if needed. Terminating a contract may result in the loss of jobs, so we prefer to collaborate with suppliers to improve worker conditions wherever possible. We have not yet determined to what extent, and in what manner, our Supplier Code of Conduct will provide for us or for third parties to audit our suppliers’ compliance.

Second, our employees are bound by a company-wide Code of Ethics that requires them to obey all laws, including laws against forced labor and human trafficking. In addition, we plan to train existing employees as well as new hires, who are responsible for supply chain management on how to identify and respond to forced labor and human trafficking.

We want to be a company known for ethical leadership, a company where employees are proud to work and a company with which customers and suppliers want to do business. We gain trust by treating others with integrity, respect, and fairness. We must continue to demonstrate these values every day and in all our interactions, one day at a time.

The office of the General Counsel at our parent company, Nortek, Inc. www.nortek-inc.com, is responsible for overseeing our program. We will continue to strengthen our awareness program to keep compliance in mind.