

## **Pitney Bowes Inc. Statement of Compliance with California Transparency in Supply Chains Act (SB 567)**

The California Transparency in Supply Chains Act of 2010 (SB 657) (“Act”) became effective January 1, 2012 in the State of California. The Act requires that certain companies doing business in California disclose their efforts to eliminate slavery and human trafficking from their direct supply chains.

Pitney Bowes Inc. (“Pitney Bowes”) fully supports California’s efforts to protect human rights and enforce ethical labor practices. Pitney Bowes has adopted and maintained a Supplier Code of Conduct (a copy of which can be found here <http://www.pb.com/docs/US/pdf/Our-Company/Supplier%20Connect/Supplier-Code-of-Conduct.pdf>) which requires, among other things, that our direct suppliers (“suppliers”) ensure that they do not engage in or support forced labor or unlawful child labor. Additionally, our suppliers must adopt and maintain terms of employment for their employees that comply with local law and requirements of decency.

Pitney Bowes is proud of its reputation and record for integrity and respect in dealing with our own employees, and expects nothing less of our suppliers in their dealings with their workforce. As stated in our Supplier Code, we are committed to “ensuring that working conditions in our supply chain are safe, that workers are treated with respect and dignity, and that manufacturing processes are environmentally and socially responsible.”

**Acknowledgment of Standards.** Each of our direct suppliers is required to acknowledge and support our Supplier Code, to seek to conform to its standards and provisions and to apply the Code to their suppliers engaged in the production of goods for Pitney Bowes.

As stated in our Supplier Code, we require that as a condition of doing business with us, suppliers:

- agree not to engage in any form of human trafficking or slavery. Pitney Bowes has given them examples of good management practices for evaluating and addressing risks of human trafficking in their own supply chain, including not using forced or involuntary labor of any type (e.g., forced, bonded, indentured, involuntary prison labor) or illegal child labor. “The [Code] bans forced or illegal child labor in any form by suppliers. All employment must be voluntary and legal. Suppliers must comply with all applicable child labor laws, including those relating to minimum age limits, limitations of hours worked, and prohibitions against certain types of work.” (Code, page 4.)
- “at a minimum, comply with all applicable wage and hour laws and regulations, including those relating to minimum wages, overtime hours, piece rates and other elements of compensation, and provide legally mandated benefits.” (Code, page 5.)
- will treat all employees with respect and will not use corporal punishment, threats of violence or other forms of physical coercion or harassment. Supplier should have a policy that prohibits inappropriate conduct and a process for employees to report such conduct for Supplier’s investigation and resolution.” (Code, page 7.)

**Verification of Supply Chain.** Pitney Bowes’ Supply Chain and Procurement functions engage in verifications of suppliers to evaluate and address risks of human trafficking and slavery in the supplier’s quality, environmental, human resources and security standards and operations. Such verifications are conducted directly by Pitney Bowes through supplier contractual agreements to comply with the Code and to disclose any non-compliance with the Code. Key suppliers are also

subject to a review of their facilities. Once approved, the supplier must contractually commit to meeting the standards set by Pitney Bowes or be subject to restrictions or termination of their contractual relationship with us.

**Risk-based assessments and audits:** Pitney Bowes, in its discretion, expressly reserves the right to verify a supplier's compliance with the Supplier Code of Conduct through audits or on-site inspections, including interviews of the supplier's employees in order to evaluate supplier's compliance with Pitney Bowes' standards for trafficking and slavery in supply chains and other Pitney Bowes supplier standards. Such audits or inspections can be carried out by Pitney Bowes or by a third party at Pitney Bowes' request.

**Certification of Materials.** Pitney Bowes requires that its suppliers comply with the Supplier Code of Conduct, and that each supplier "apply the Code to all of its extended sources of supply that are engaged in the production of goods and services for PBI." In this way, Pitney Bowes' suppliers certify that materials incorporated into Pitney Bowes products comply with all laws, including laws regarding slavery and human trafficking, of the country or countries in which the supplier is doing business.

**Internal Accountability Standards:** Pitney Bowes internal accountability standards for employees are found in our Business Practices Guidelines and local rule of law. Subject to the provisions or requirements of local law, and after due diligence and full and fair investigation, any employee found to have engaged in slave labor or human trafficking will be subject to immediate termination of employment.

Our internal accountability standards for suppliers are found in our Supplier Code of Conduct. There we give specific examples of acceptable supplier conduct and good management practices, as well as examples of unacceptable supplier conduct. A supplier's failure to comply with our Supplier Code of Conduct may impact the supplier's ability to continue to do business with us, depending on the nature and severity of the non-compliance. Suppliers are contractually obligated to immediately notify Pitney Bowes of any non-compliance with the Supplier Code of Conduct, and must cure such non-compliance within 90 days of that notice. Pitney Bowes has the right to verify supplier's compliance after the cure period. If the supplier continues to be non-compliant with our standards or the corrective action plan, that supplier may be removed from our supply chain. Any instance of substantial or serious non-compliance with the Code of Conduct will be grounds for immediate termination from the supply chain. A supplier's use of slave labor or engagement in human trafficking will be considered serious non-compliance.

**Company Employee and Management Training:** All Pitney Bowes employees receive training on our Business Practices Guidelines, which requires their compliance with law and Company policy, on a periodic basis. Both management and non-management employees in our Supply Chain and Procurement functions will receive training on human trafficking and slavery risk mitigation and avoidance in 2012.

Pitney Bowes is committed to the highest standards of conduct throughout our supply chain. On a regular basis, we review and update our policies and procedures to ensure that our high standards are upheld and to guard against the mistreatment of anyone in our supply chain.

**April 2012**