Ethical Sourcing & Human Rights Compliance Report

2025

Overview

At Spike, our mission extends beyond delivering exceptional electrical solutions. We are deeply committed to protecting human rights, eliminating exploitative labor practices, and ensuring our operations and supply chain are free of human trafficking, slavery, and conflict minerals. As part of our 2025 corporate social responsibility strategy, we integrate ethical standards into every facet of our business.

According to the International Labour Organization (ILO), over 27.6 million people were subjected to forced labor globally in 2022, with 17.3 million in the private economy. Approximately $150 billion is generated annually from forced labor. These staggering figures emphasize the urgent need for proactive corporate involvement.

Our report outlines Spike's comprehensive approach to combat these abuses, grounded in both international best practices and local state-level compliance, particularly in Texas, where we are headquartered.

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Corporate Responsibility and Commitment

Spike embodies the values of Respect, Integrity, and Excellence, reflecting our deep commitment to eradicating human rights violations in global supply chains. We are guided by the belief that ethical business operations not only promote long-term value but also safeguard the dignity of individuals around the world.

Our key commitments include:

- **Zero tolerance** for forced labor, child labor, slavery, or human trafficking.
- **Strict supplier requirements** for ethical compliance.
- **Conflict-free sourcing** of minerals such as Tin, Tantalum, Tungsten, and Gold (3TG), often linked to armed conflict in the Democratic Republic of Congo and surrounding countries.

In alignment with the Trafficking Victims Protection Act (TVPA), we ensure that every level of our supply chain supports victim protections and anti-trafficking initiatives. This reflects our proactive stance on contributing to global human rights solutions.

Policy Framework

Our policy infrastructure incorporates global and national standards, ensuring that we maintain full compliance and demonstrate leadership in human rights and sustainability.

Relevant standards include:

- United Nations Guiding Principles on Business and Human Rights
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals
- Dodd-Frank Section 1502 for conflict minerals disclosures
- OSHA 3638: Training materials and awareness guidance for employers regarding human trafficking

Texas Employers' Guidebook: Specific guidelines and legal recommendations for Texas-based organizations on identifying and reporting trafficking

By embedding these into our daily operations, we uphold transparency and protect the integrity of our workforce and our partners.

Employee Awareness and Training

At the heart of our prevention efforts is a strong educational foundation for our workforce. Employees receive mandatory training tailored to:

- Recognize signs of human trafficking
- Report suspicious behaviors or supplier practices
- Understand supply chain risks and ethical sourcing

Key statistics: In 2024, 100% of new hires at Spike completed the TVPA and OSHA-aligned anti-trafficking training during onboarding. Quarterly refresher courses were attended by over 95% of staff, including leadership and procurement teams.

These training initiatives are rooted in OSHA 3638 guidance and have been customized to reflect the provisions in the Texas Employers' Guidebook to ensure legal and ethical compliance specific to our region.

Supply Chain Due Diligence

Ethical procurement is a cornerstone of Spike's supplier relationships. All vendors are expected to adhere to our Supplier Code of Conduct, which explicitly prohibits:

- Forced or child labor
- Retention of employee identity documents Recruitment fees or coercive hiring practices

By the end of 2024:

- 87% of Tier 1 suppliers signed compliance agreements.
- 41% of Tier 2 suppliers were audited for high-risk sourcing practices.

We use third-party audits and maintain real-time supplier evaluation dashboards to enhance visibility and responsiveness. Our ongoing target is to achieve 100% Tier 1 compliance and expand Tier 2 assessments by 60% in 2025.

Conflict Minerals Compliance

Conflict minerals can fund violence and human exploitation. To mitigate this, Spike enforces stringent controls under the Dodd-Frank Act and the OECD Due Diligence Framework:

- We file a Conflict Minerals Reporting Template (CMRT) annually for relevant components.
- In 2024, 95% of our smelters and refiners used by suppliers were listed as conformant by the Responsible Minerals Initiative (RMI).
- We refuse to source from entities without proof of ethical mineral procurement.

Through internal and supplier education, we reduce risks related to Tin, Tungsten, Tantalum, and Gold and contribute to the broader industry movement toward responsible sourcing.

Stakeholder Collaboration

Spike collaborates with governments, NGOs, and global industry groups to promote systemic change. We:

- Participate in forums hosted by the Texas Workforce Commission on human trafficking prevention.
- Support the Responsible Minerals Initiative for supply chain transparency.
- Work with advocacy groups to provide educational resources to high-risk communities.

In 2024, we:

- Sponsored two human rights forums in Houston
- Conducted three supplier webinars to promote transparency in 3TG sourcing

This collaboration amplifies our reach and reinforces our leadership as an ethical manufacturer.

Performance Metrics & 2025 Goals

Key progress indicators in 2024 included:

- 0 reported incidents of forced labor or trafficking at Spike facilities
- 92% supplier compliance with human rights and sourcing policies
- 100% participation in annual compliance training by procurement and supply chain teams

For 2025, we aim to:

- Achieve 100% Tier 1 supplier compliance with our Code of Conduct
- Expand audits to include 75% of Tier 2 suppliers in high-risk regions
- Launch a Supplier Ethics Certification Program

These metrics support our ambition to set industry benchmarks in ethical sourcing.

Governance & Oversight

Our Board of Directors and Ethics & Sustainability Committee ensure accountability and continuous improvement:

- Quarterly reports track KPIs on supplier audits, training completion, and policy updates
- Legal counsel ensures ongoing alignment with TVPA, OSHA 3638, and Texas guidance
- Anonymous reporting tools remain accessible to employees and partners

Our governance model ensures policies translate into real-world accountability and action.

Transparency & Reporting

Spike maintains open communication with the public, stakeholders, and regulators. In 2024:

- We published our first human rights statement, accessible on our website
- We responded to 100% of supplier sourcing disclosures within 30 days

Our annual disclosures, including this report, reinforce our position as a transparent, ethically driven organization.

Community Impact & Education

Beyond compliance, Spike invests in community well-being:

- We support local NGOs aiding trafficking survivors through job placement and training
- Partner with local schools for trafficking awareness education
- Promote second-chance employment by hiring individuals recovering from exploitation or addiction

In 2024, we:

- Donated over $25,000 to regional human rights nonprofits
- Delivered 7 community outreach events across Texas

This work creates lasting impact for vulnerable populations.

Ways of Spotting Human Trafficking

Spotting human trafficking can be difficult, but awareness is the first line of defense. At Spike, we educate our team and supply partners to recognize signs of trafficking in both workplace and supplier environments.

Common indicators include:

- **Restricted movement:** Workers who are always accompanied, cannot leave the premises freely, or appear to be under surveillance.
- **Inconsistent or scripted communication:** Individuals appear coached or hesitant to speak freely, or show fear of authorities.
- **Lack of personal identification:** Victims may not possess passports, IDs, or contracts—these are often held by employers.
- **Unexplained injuries or signs of abuse:** Physical harm, malnutrition, or untreated illness can indicate exploitation.
- **Excessive work hours or living on-site:** Especially when workers do not receive overtime or proper compensation.
- **Fear and submissiveness:** Victims may appear anxious, especially around supervisors, and show signs of intimidation.

To support frontline identification:

- All staff are trained annually in identifying these signs.
- Posters and hotline numbers are displayed at all facilities.
- Supervisors and security personnel receive specialized training per OSHA 3638.

We also encourage the use of national and state tip lines, such as the National Human Trafficking Hotline: **1-888-373-7888**, to report concerns confidentially.

Ways to Contribute to the Elimination of Human Trafficking and Slavery

As part of our broader mission, Spike encourages active participation in the fight against human trafficking and modern slavery. Here are ways individuals and organizations can help:

- **Support Ethical Businesses**: Choose vendors, suppliers, and partners who are committed to human rights.
- **Advocate and Educate:** Raise awareness about trafficking within your community, workplace, or institution.
- **Volunteer or Donate:** Support nonprofits working on the frontlines with resources, time, or funding.
- **Report Suspicious Activity:** Use hotlines or law enforcement when exploitation is suspected.
- **Foster Inclusive Hiring:** Offer opportunities to trafficking survivors through job training and mentorship.

Key Organizations & Contact Information

Houston, TX:

United Against Human Trafficking
https://uaht.org / (713) 874-0290

The Landing
https://www.thelanding.org / (713) 766-1111

Texas (Statewide):

Office of the Texas Governor: Child Sex Trafficking Team
https://gov.texas.gov/cstt

Texas Human Trafficking Resource Center (THTRC)
https://www.hhs.texas.gov / 1-877-787-8999

By working together

businesses, nonprofits, communities, and governments - we can end modern slavery and protect human dignity across the globe.

United States (National):

National Human Trafficking Hotline
https://humantraffickinghotline.org / 1-888-373-7888 or text "BEFREE" (233733)

Polaris Project – https://polarisproject.org

https://www.hhs.texas.gov / 1-877-787-8999

International / UN-Affiliated:

United Nations Office on Drugs and Crime (UNODC)
https://www.unodc.org/unodc/en/human-trafficking

International Labour Organization (ILO)
https://www.ilo.org/global/topics/forced-labour

Blue Heart Campaign (UN)
https://www.unodc.org/blueheart

Conclusion

Spike affirms its unwavering commitment to ethical business practices, sustainable sourcing, and human dignity. By aligning with the TVPA, OSHA 3638, and the Texas Employers' Guidebook, we drive best-in-class human rights practices across our enterprise and supply chain.

As we move through 2025, we will:

- Continue building trust through transparency
- Lead our sector in ethical procurement
- Invest in education, audits, and partnerships that eliminate exploitation

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