



Klipsch Group, Inc.
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**Klipsch Group, Inc.'s
Disclosure under the California Transparency in Supply Chains Act of 2010**

July 13, 2012

Effective January 1, 2012, the California Transparency in Supply Chains Act of 2010 requires retailers and manufacturers doing business in California to disclose efforts to eradicate slavery and human trafficking from its direct supply chain. The following is Klipsch Group, Inc.'s disclosure under the Act:

1. Risk Assessment: As part of its internal process in assessing prospective partnerships with suppliers, Klipsch Group, Inc. takes a “no tolerance” stance towards slavery and human trafficking, and only partners with those suppliers whose ideological stance is similar.
2. Auditing: Klipsch Group, Inc. performs routine audits of its third party manufacturing facilities overseas. Announced and unannounced inspections are conducted by Klipsch Group, Inc.'s quality control employees to ensure that the company's high standards are upheld.
3. Certification Requirements: In its standard supplier agreement's Code of Conduct, Klipsch Group, Inc. requires all suppliers and manufacturing partners to certify that they will, at a minimum, follow all health and safety laws established in their respective countries, as well as meet certain minimum standards as set forth by Klipsch Group, Inc. to ensure a quality workplace.
4. Internal Accountability: Klipsch Group, Inc. is committed to ethical and socially responsible conduct in the workplace. All of its employees and suppliers must adhere to its Code of Conduct, which requires compliance with all laws, including laws addressing slavery and human trafficking. Violations of the Code of Conduct by employees may result in disciplinary action up to and including termination. Violations by suppliers may result in termination.
5. Procedure Training: Employees of Klipsch Group, Inc. are trained and educated on their responsibilities regarding maintenance of the supply chain during their orientation to the Code of Conduct, and staff and management are committed to ensuring strict compliance with the Code of Conduct.