



December 12, 2011

On January 1, 2012, the California Transparency in Supply Chains Act of 2010 (SB 657) will enter into effect in the State of California. This law was designed to increase the amount of information made available by manufacturers and retailers 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.

SanDisk's goal is to continuously improve our supply chain in ways that support our Worldwide Code of Business Conduct and Ethics and corporate social responsibility efforts. Our policies state that employment is freely chosen and not forced. In addition we require similar commitments from our suppliers.

We have committed to meeting or exceeding a number of industry-wide initiatives and standards to continually improve our supply chain, including ISO 9001, ISO 14001, OHSAS 18000 and the Electronic Industry Code of Conduct (EICC). We strive to ensure that these standards are maintained throughout our supply chain by well-treated, fairly compensated workers in accordance with all applicable laws. We conscientiously integrate the standards and commitments we set for ourselves and our suppliers into the way we run our businesses to address such concerns.

SanDisk has undertaken the following efforts to ensure and verify the absence of slavery and human trafficking in our supply chain:

Risk-Based Assessments:

SanDisk performs assessments of potential suppliers using a risk-based approach. The risk criteria include:

- Geographic location
- Procurement category – Risk is higher in some procurement categories, such as production parts and lower in others, such as professional consulting
- Company information and reputation
- Company's relationship and history with SanDisk
- Past audit results

Supply Chain Certification:

As part of our supplier evaluation process, all high-risk suppliers must certify that materials incorporated into SanDisk products comply with the local laws on slavery and trafficking. SanDisk, in turn, will conduct on-site verification audits.

Supplier Audits:

Our supply chain audit program evaluates, among other factors, suppliers' compliance with SanDisk's Supplier Code of Ethical Conduct, which prohibits slavery and human trafficking. Under this program, we have conducted on-site audits both by SanDisk and by third party organizations. Any non-

conformances found are recorded in our corrective and preventive action system, and are monitored closely to ensure corrections.

Training to Supply Chain Management Professionals:

We train all employees from Procurement and Supplier Quality worldwide to identify and respond to supply chain risk issues such as forced or child labor as part of our employee development process. We are planning to expand these programs in 2012 and increase focus on human trafficking and forced labor issues.

Additionally, all employees are required to acknowledge and adhere to our Worldwide Code of Business Conduct and Ethics. The Code requires compliance with all laws in all places where SanDisk does business and a violation of the Code will be investigated and acted upon in every case.