

STATEMENT REGARDING CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT

The California Transparency in Supply Chains Act of 2010 requires retailers and manufacturers that do business in California to publicly disclose their efforts to eradicate slavery and human trafficking from their supply chains.

Michaels and its subsidiaries are dedicated to conducting business in a lawful and ethical manner. It is our expectation that our suppliers also conduct themselves in such a manner. We are committed to the prevention of slavery and human trafficking in our supply chain.

Many of our products are sourced abroad. While we believe the risk of slavery or human trafficking in our supply chain is generally low, we have focused our compliance efforts in this area on our foreign suppliers. We have a variety of mechanisms in place to assess and reduce risks in our supply chain, including:

EXPECTATIONS FOR SUPPLIERS

Michaels' Vendor Code of Conduct requires our suppliers to comply with all applicable laws, including safety, labor and employment laws. The Vendor Code of Conduct strictly prohibits the use of forced labor, which includes slavery and human trafficking.

THIRD-PARTY AUDIT AND CERTIFICATION

Michaels' agents, or other third parties we engage, conduct both announced and unannounced independent audits of our foreign suppliers and their factories for compliance with our Vendor Code of Conduct, including compliance with our policy prohibiting slavery, human trafficking and other forms of forced labor. We are establishing a certification process, whereby our direct suppliers must attest that the materials incorporated into the products they supply to us comply with the laws regarding slavery and human trafficking in the country or countries in which they do business.

EMPLOYEE TRAINING

We conduct training on the prevention of slavery and human trafficking for members of management and other associates that do business internationally. All of our corporate associates receive training on our Code of Business Conduct and Ethics, which requires that they always act in an ethical manner and in compliance with the law when doing business both domestically and internationally. Since our employees have been trained to identify non-compliance, they are expected to report any potential unlawful or unethical conduct within the supply chain. In addition, Michaels maintains a toll free number published on our vendor portal for associates and/or third parties to report suspected abuse of our codes of conduct.

ACCOUNTABILITY

A supplier's failure to comply with the expectations set forth above will result in immediate review of our relationship with that supplier and may subject the supplier to termination if Michaels is dissatisfied with any proposed or actual remediation efforts.

Michaels' associates who fail to comply with the expectations set forth in our Code of Business Conduct and Ethics are subject to disciplinary action up to and including termination of employment.