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ETHICAL SOURCING AT THE WAREHOUSE

2018 REPORT



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Ethical Sourcing at The Warehouse 2018 Report

The structure and content of this report was informed by:

The Warehouse Group Ethical Sourcing Policy (2017)

The Modern Slavery Act (UK) 2015 and its guidance on Transparency in Supply Chains.

Baptist World Aid Australia's ongoing series of "Behind the Barcode" reports on the Fashion industry.

Data within this report is derived from labour audits undertaken for The Warehouse in calendar year 2017 and from our internal purchase order management systems.

Where data or commentary is derived from external sources these are referenced in the footnotes on each page.

The report was compiled and authored by our Ethical Sourcing Manager and reviewed and approved by our Executive.

INTRODUCTION

The Warehouse Ltd is the largest subsidiary of The Warehouse Group¹ – New Zealand’s largest publicly listed non-food retailer. The genesis of our Ethical Sourcing programme dates to the values and vision of our founder and cornerstone shareholder Sir Stephen Tindall.

Sir Stephen’s and The Warehouse Group’s vision is to help communities throughout New Zealand to flourish and to contribute to a more sustainable country and planet.

At The Warehouse, with our extensive direct sourced, private label merchandise programme, we recognise that we have a special duty to protect the welfare of workers in our supply chain. Since 2004 we have been on a journey to continually improve and extend the scope and effectiveness of our programme.

This report is intended to inform the reader openly and transparently about conditions “behind the barcode” in our source factories. It describes how our Ethical Sourcing Programme functions, and how we work to ensure that the profit in our enterprise and the value we deliver to customers is also functioning to protect and improve working conditions for those at the origin of our supply chain.

The information in this report is presented through the lens of our January 2017 Ethical Sourcing Policy² – so readers can see how we have implemented the policy in practice over the past year. We have also taken account of the “Transparency in Supply Chains” guidance³ provided by the UK Government to companies preparing public statements under the UK’s 2015 Modern Slavery Act. Although no such legislation exists yet in New Zealand it has attracted considerable interest in Government, NGO, and Academic circles. Closer to home, reports published by Baptist World Aid Australia and Oxfam addressing labour issues and setting expectations for apparel supply chains have also captured media

attention. We have provided disclosures and commentary in relation to these NGOs’ expectations - even where they currently exceed our capabilities. This reflects our commitment to transparency and continuous improvement.

Our report also highlights several new initiatives undertaken during the year and for the first time a list of our apparel factories along with a comparative real wage and working hour table across different source countries.

Despite significant progress on our journey to date there remain many issues to address. Each year we reset our strategy according to our learnings and emerging external expectations. It’s impossible for any single sourcing

organisation to tackle these challenges alone – even in tiers of the supply chain where there is direct contact and influence. We need further collaboration between business, government, and civil society. Consumers also have an important role to play by informing themselves about the ethical attributes of the choices available to them and continuing to support those businesses who are meeting their expectations. We aim to be one of those businesses, and look forward to informing you further about our progress in the future.

Nick Grayston
Group Chief Executive Officer
The Warehouse Group

Your feedback or questions are welcome at ethical.sourcing@thewarehouse.co.nz



Team members at The Warehouse Tauranga Crossing store

1. <http://www.thewarehousegroup.co.nz/>

2. <http://docs.thewarehouse.co.nz/red/pdfs/suppliers/ethical-sourcing/the-warehouse-group-ethical-sourcing-policy-01.17.pdf>

3. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/649906/Transparency_in_Supply_Chains_A_Practical_Guide_2017.pdf

A man with a mustache, wearing a red polo shirt and a red zip-up vest, stands in the center of a warehouse aisle. He is smiling at the camera. The vest has "the warehouse" printed on it. In the background, another person is visible, and the aisle is lined with tall blue metal shelving units filled with cardboard boxes. The lighting is bright, coming from overhead fixtures.

THE WAREHOUSE AND IT'S SUPPLY CHAINS

THE WAREHOUSE AND IT'S SUPPLY CHAINS

The Warehouse is New Zealand's largest general merchandise retailer with 92 stores throughout New Zealand and a large online presence at www.thewarehouse.co.nz

Our customers represent a completely diverse group of New Zealanders. Our marketing, and wide ranges of general merchandise and apparel, are focused primarily on families, and shoppers looking for great everyday bargains.

At the time of The Warehouse's listing on the New Zealand Stock exchange in 1995 through to the early 2000s' the dominant model for most large general merchandiser retailers was to source both branded and private label⁴ merchandise through a New Zealand network of local agents, manufacturers, wholesalers and importers. These enterprises in turn sourced merchandise through their own supply chains – additional networks of "middlemen" (trading companies) and factories predominantly in Asia⁵.

This old model was characterised by highly dispersed supply chains, multiple

layers of margin capture, with the origins of manufacture usually invisible to the retailer if not the local wholesaler as well.

Commencing with opening of our own direct sourcing office in Shanghai in 2004 The Warehouse set about revolutionising this model, flattening the supply hierarchy, and securing direct access to manufacturing sources with an attendant leap forward in traceability and transparency. For our customers, this has meant reduced prices for most product classes while maintaining our position in an increasingly competitive marketplace. This trend has continued to accelerate in recent years to a point where at the end of 2017 more than a quarter of our merchandise is sourced direct through our own sourcing offices.

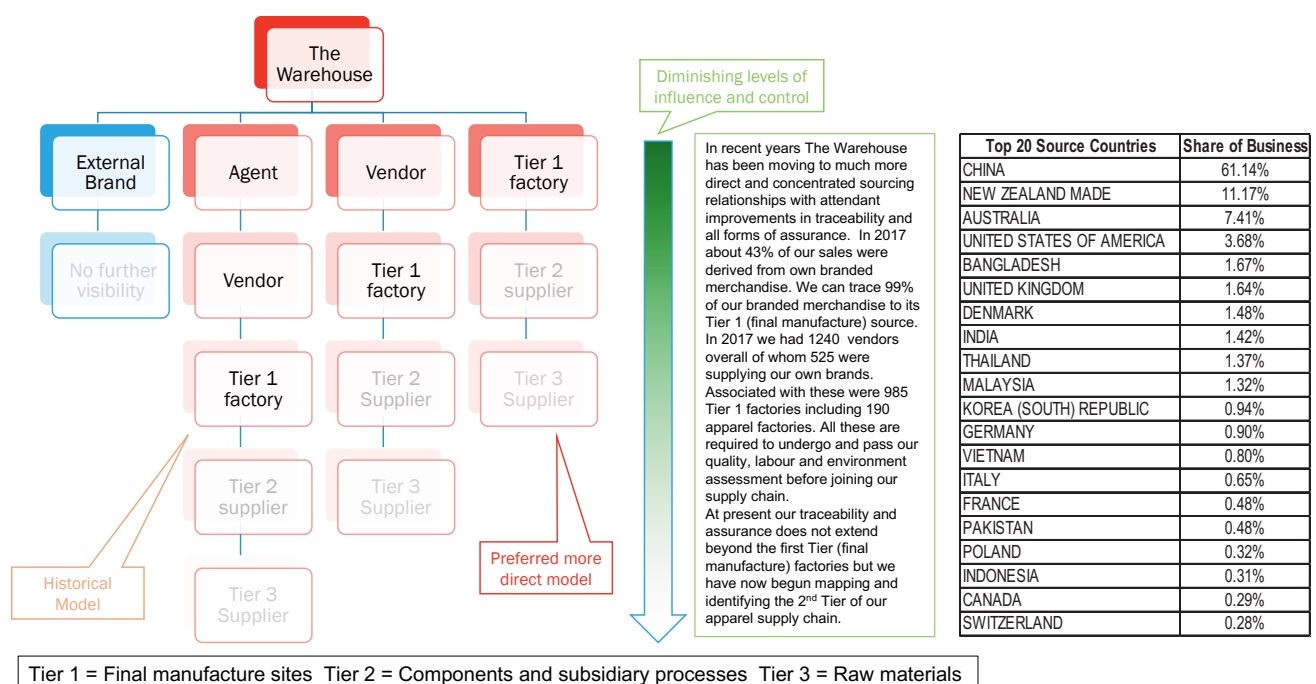
By far our biggest source of general merchandise, apparel, and electrical

goods is China. Everyday consumables and grocery items tend to be sourced closer to home in New Zealand and Australia. Recently we have seen a growth in home textiles and apparel being sourced from India and Bangladesh. To support this, we opened another sourcing office in New Delhi India in January 2017.

The most recent trend transforming retail everywhere is the advent of the online giants such as Amazon offering consumers efficient direct access to vast ranges of merchandise where ever they might be.

Fortunately, because of the work we have already done flattening our supply chain, developing our direct sourcing expertise, and investing in our online webstore The Warehouse is very well placed to meet the challenges of an international and digitised market place.

THE WAREHOUSE PRODUCT SUPPLY CHAIN



4. A retailer's own brand versus a national or international brand owned by a supplier external to the retail enterprise. You can see List of The Warehouse private labels on page 41

5. During this and previous eras in NZ there remained a base of light manufacturing supplying retailers however this has declined significantly with the liberalisation of trade in the 1980s culminating in free trade agreements of the early 2000s.

ETHICAL SOURCING PROGRAMME STRUCTURE

ETHICAL SOURCING PROGRAMME STRUCTURE

The Warehouse's Ethical Sourcing programme contains the three elements of policy, due diligence, and remediation or corrective action described in the United Nations Guiding Principles on Business and human rights.⁶

Our policies, and a description of our due diligence and remediation processes are published on The Warehouse Supplier website.⁷ In practice our due diligence is implemented through supplier pre-qualification processes (for new factories), ongoing factory monitoring (for active factories), and continuous improvement initiatives and training. Through these activities we strive to ensure that only factories which meet or exceed our standards can supply goods bearing one of The Warehouse's private labels.

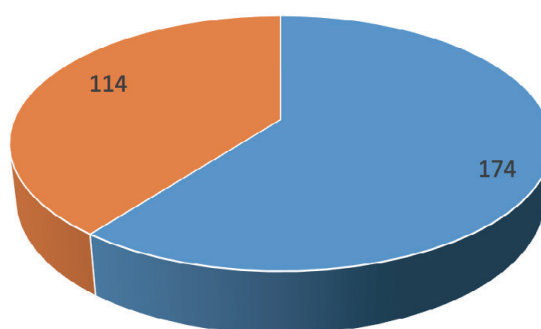
To qualify new candidate factories (from an Ethical or Labour Standards perspective) we first invite the factory to submit any existing labour standard credentials they may have in the form of a recent audit report undertaken for another customer. This is to avoid unnecessary duplication and to minimise audit fatigue for factories. However, we are very conservative in our approach to such mutual recognition and reject about half of such desktop submissions. In these cases, the factory must undergo our own audit⁸ if they wish to qualify. These audit findings are then assessed against our policy, especially for zero tolerance standards like child labour, voluntary labour, or non-transparent audit practices. The overall pass rate for new factory submissions in 2017 was 60%.

Once a factory is qualified and manufacturing for one of our private labels we maintain visibility of standards through an ongoing monitoring and continuous improvement (remediation) cycle. Monitoring is achieved either via our own commissioned follow up audits or via a desktop review of improvement actions evidence submitted by the factory. Face to face support from our internal Ethical Sourcing specialists is available to assist factories with their remediation path. We hold regular

development workshops and training for factories who need help to improve their labour management practices. In addition, from December 2017, we have made an online library of eLearning courses, focused on common corrective action themes, available to factories in their local language to support their remediation and improvement initiatives.

Our prequalification processes are intended to screen out poor performing factories before they enter our supply chain, however should a zero-tolerance

New factories Qualified in 2017



■ New Applicant Factories Prequalified

■ New Applicant Factories Declined

6. Page 16 http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

7. <https://www.thewarehouse.co.nz/c/suppliers/ethical-sourcing>

8. Executed by 3rd parties according to our policy and audit protocol



issue be encountered within an active factory we suspend business and call for an immediate rectification of the issue. If this is not achieved, we permanently discontinue trading.¹⁵ active factories were discontinued for standards failure in 2017. For less critical issues, training and support is provided for the factory to demonstrate improvement within an agreed time frame.

Programme Scope and Scale

Although our Ethical Sourcing policy is directed to all suppliers, our monitoring and enforcement work is focused on factories manufacturing our private label merchandise.⁹ As we are primarily an “own brand” retailer this is a very significant share of our product range – about 43% of purchases in 2017 – equivalent to NZD \$500 million. This was sourced from 985 factories represented by 525 vendors. We can trace 99% of this business back to its (Tier 1) factory of origin. The largest 300 of these account for about 80% of private label purchases.

At present our programme is focused the first Tier of the supply chain – i.e. the final manufacture sites. This is where we have the most control and influence, and our progressive improvements in transparency and traceability over time have been significant. However, beyond Tier 1 there exists a complex

array of Tier 2 suppliers - manufacturing components, and undertaking subsidiary manufacturing processes. Below this level still lie the (Tier 3) raw material suppliers – natural and synthetic fibers in the case of apparel; plastic resins, minerals, timber, leather and so on in the case of general merchandise products classes. At present, we can't make any assurance statements about these levels of our supply chain (Tier 2 & 3) except for FSC certified timber products¹⁰ and products containing certified sustainable palm oil.¹¹

However, in 2017 we began to map the characteristics of the second tier of our Apparel supplier base and to capture the identity and location of the various fabric mills, dye and wash houses, print shops and accessory suppliers associated with our garment factories. You can read more about the outcome of this work in the feature on our Apparel supply chain on page 23.

Audits

All our labour audits are undertaken by third party audit firms that specialise in labour standards and worker rights auditing. They have many years' experience working in this way on behalf of international brands. Each audit report is subject to an internal quality assurance review by the service provider before being submitted to The Warehouse

Ethical Sourcing team for further review, analysis, and eventual response to the supplier. Our three main service providers at present are Elevate¹², Taos Network¹³, and Asia Inspection Services¹⁴. Our own internal Ethical Sourcing staff travel regularly with these auditors in the field, exchange reciprocal training, and draw on their expertise to inform our policies and gain deeper insight into actual practices in factories. We prioritise the deployment of these resources based on a historical risk profile for the factory, region or industry. In 2017 22% of audits were undertaken on an unannounced basis. Each audit includes an anonymously captured record of worker interviews and a wage and working hour table which clearly illustrates any variances in a sample of workers' pay from legal entitlements. In a small number of cases we supplement the audit findings with offsite observations and worker interviews. We don't publicly share our audit reports but this report discloses our audit findings and activity at an aggregated level.

Our audit traverses five sectors of a factories Labour and Environmental management performance: Employment Policies, Compensation & Hours, Health & Safety, Dormitory, and Environment. Each audit report generates an overall score, highlights any core standards or

9. See current list of our private labels on page 41

10. <http://docs.thewarehouse.co.nz/red/pdfs/suppliers/product-quality/wood-product-sourcing-policy-mar15.pdf>

11. <http://docs.thewarehouse.co.nz/red/pdfs/suppliers/product-quality/palm-oil-product-sourcing-policy-may16.pdf>

12. <http://www.elevatelimited.com/>

13. <http://taosnetwork.org/>

14. <https://www.asiainspection.com/>

transparency issues and contains extensive contextual commentary from the auditors along with a record of any corrective actions agreed with factory management at the time of the audit.

The average overall audit score in 2017 was 84.25%

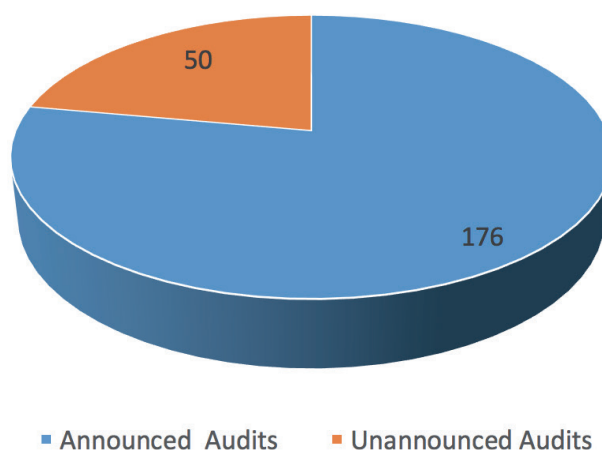
Programme Management and Accountability

Within our management structure accountability for the strategy and operational outcomes of The Warehouse ethical sourcing programme lies with the Executive General Manager of Sourcing and the CEO of Sourcing Support for The Warehouse Group.

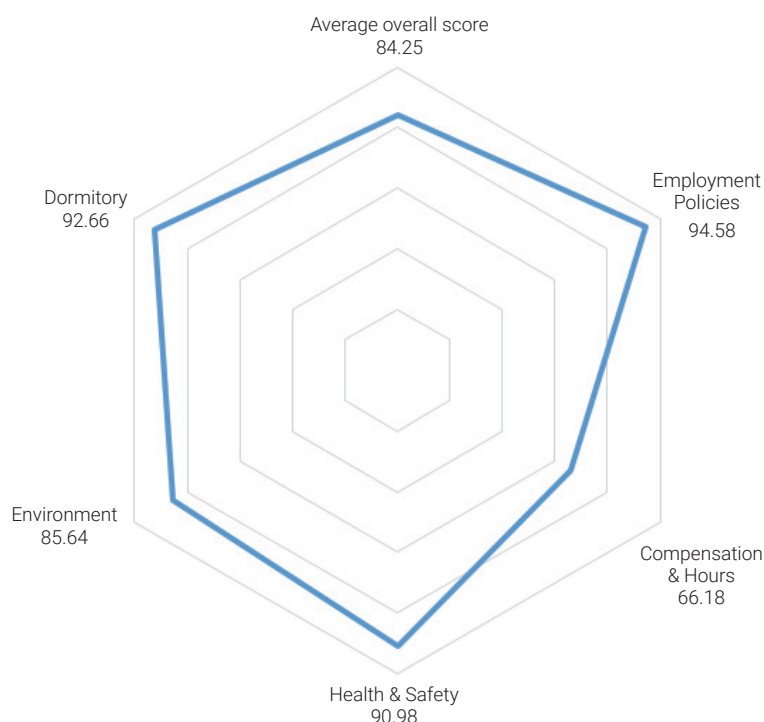
The execution of our strategy is monitored through a typical plan-act-review cycle and our quarterly reporting meetings are also attended by the Head of Risk and Audit for The Warehouse group. Operations are overseen by our Ethical Sourcing manager and team based in Auckland and Shanghai. All sourcing and merchandise personnel based in Asia or New Zealand receive an orientation and ongoing updates to our policies and programme. One of the strengths of our programme is its close engagement with our senior sourcing personnel who have full visibility of the programme's progress and the status of all supplier factories. They regularly lend their commercial support to the Ethical team's efforts to motivate and engage factories in improvement initiatives.

An internal protocol dictates that all zero tolerance issues such as underage labour, bribery attempts, or involuntary labour are immediately escalated to the CEO of Sourcing Support for review to secure an Executive mandate for any consequential actions.

Factory Audits 2017



Audit Sector Scores %





POLICY THEMES AND 2017 COMMENTARY

5.1 MANAGEMENT SYSTEMS

The average audit score for policies in 2017 was 94.5%

Within the first section of every audit we undertake, there is a comprehensive series of twenty seven checkpoints which examine the factories policies and management systems.

These address wages, benefits and hours, overtime rates, discipline and termination, grievance procedures, harassment and abuse and written contracts. Also included are age identification, freedom of association and collective bargaining rights, prohibitions on: child labour, forced or

bonded labour, and non-discrimination on grounds of pregnancy or other reasons.

The policies section typically scores highly within audits – its relatively easy for a factory to assemble the requisite policy documents required by various customer codes. A common failure in factories however is in deploying the requisite management and information systems needed to give effect to policies – for example when it comes to tracking and controlling working hours.

Adequate Management Systems are deployed.

"Suppliers should maintain all necessary policies, management and information systems, facilities and human resources needed to ensure they comply with all applicable local laws and regulations and the requirements of this policy."

- Policy extract



5.2 CHILD LABOUR

This is a core or zero tolerance issue within our due diligence approach. Our auditors carefully review identity records for any evidence of underage workers or falsified identity records along with careful observation of workers during interviews and the factory tour.

In 2017 we had just one incident of confirmed underage labour.

Footwear factory Zheijiang China July 2017

This factory was undergoing a follow up audit. Two underage workers were found onsite. They were proximate to working age -16 and working during the school holidays. The factory followed all the auditors recommendations and provided documented evidence that these actions had been taken :

- 1) "These underage labourers should stop their work immediately.
- 2) Terminate the employment relationship with these two workers immediately and pay their wages according to the hours they had already worked.
- 3) Arrange health examination for them as soon as possible. The health examination fees should be paid by the factory and examination results should be kept on files.
- 4) Compensation should be given to these workers until they turn to 16 years old, a minimum legal working age. The compensation amount should no less than local legal minimum wage per month.

5) Contact the parents and legal guardians and provide transportation and meals package to assist them to return home safely. All the cost should be paid by the factory; bus/train tickets should be kept on files.

6) Review all personnel files and take all possible measures to identify the real ages of the current employees, especially those workers who are young-looking.

7) Establish age-verification process for all new workers and conduct personnel file screening regularly through self-monitoring to prevent the employment of child labour at the factory."

Notwithstanding the factory's positive response to these findings there were other significant non-conformances uncovered during the audit it's overall audit score was 62% and failed 6 of 10 core standards including the zero tolerance underage labour finding above. We ceased trading with this factory.

Child labour shall not be used.

"Suppliers shall not employ workers younger than the national minimum working age. Juvenile or young workers are employed in accordance with local law and shall not be required to participate in night work or hazardous work. Children are not permitted in the workshop areas of the factory. Where underage workers are detected during a compliance audit, the factory shall take responsibility for repatriating the child and enduring the continuity of their education and welfare until they attain legal working age."

- Policy extract

Whatever the cultural tolerance or rationale present in these instances, they are violations of local laws and in every case, we issue the factory a warning along with a requirement that they take steps to help the underage worker leave the workplace while ensuring they are in safe keeping until the school term recommences or the child reaches the legal working age.

We cannot categorically exclude the possibility of more systemic and abusive child labour practices existing within the subsidiary levels (Tier 2 & 3) of our supply chain but can say we have never encountered it within our due diligence work to date at the final manufacture level (Tier 1) of our supply chain.



Child labour on the streets

5.3 VOLUNTARY LABOUR

This policy provision addresses some of the most potentially egregious labour abuses. In addition to checking for a factory's policies on these topics our auditors also closely examine payroll practices for evidence of delayed or withheld payments, or deductions associated with disciplinary fines.

Where evidence of these practices is found, an immediate corrective action to the offending practice is raised.

Bonded labour is a concern in countries where there are high rates of migrant workers coming from undeveloped countries to take low skilled jobs in developing countries. In these cases, our auditors look closely at the recruitment pathways deployed by the factory, their practices around the safekeeping of identity documents, and worker disclosures about the fees paid to secure their placements or access to working visas. The legality of Visas is closely examined as undocumented workers or those with expired Visas are vulnerable to exploitation.

This year we terminated our relationship with two Malaysian

suppliers because we were unable to satisfy ourselves that our preferred course of continuing to work with the supplier was going to affect positive change for workers. Despite repeated attempts we had been unable to secure management support for changes to their migrant recruitment and labour management practices. We moved this business to another Malaysian supplier with better audit outcomes where we felt that our commercial leverage was more likely to secure improvements for workers. Our interventions in Malaysia have included escalating our concerns to the board of directors of a public company, ensuring freedom of access to identity documents, improving dormitory conditions, and reducing working hours for migrants.

Employment is freely chosen

"Prison labour is prohibited. Bonded labour is prohibited - suppliers shall not bind workers to their workplace through debt associated with recruitment fees, fines, loans, deferred payment or other means.

Workers shall not be recruited or employed through human trafficking.

Suppliers shall not retain identity documents (such as passports or identity cards,) unless at the request of workers and with written permission. Workers must be able to take leave from the factory for reasons of bereavement, illness, or significant family events and at any time when they are not working. leave, including maternity leave, entitlements shall be upheld. Workers can terminate their employment with reasonable notice and without penalty."

- Policy extract



5.4 HEALTH AND SAFETY

Our average health and safety audit score in 2017 was 91%

A safe workplace is the most basic worker entitlement. Our due diligence assessment contains over 57 Health & Safety investigation points

Fortunately, in most cases, because of the long held focus of brands on this area, and the interest of local governments, Health & Safety is consistently one of the highest scoring sectors within our audit reports.

However as with the above concerns for migrants in Malaysia each country has unique labour management challenges. In Bangladesh, because

of deficiencies in the quality of their construction and infrastructure - as evidenced in the tragic collapse of the Rana Plaza building in 2013 - Health and Safety, especially building and fire safety, demand special attention. Consequently, we decided to further strengthen our health and safety assessment capability by joining the Alliance for Worker Safety in Bangladesh.¹⁵ Our membership of the Alliance has delivered major improvements in building safety for all our participating factories. (see our Bangladesh feature on page 34)

Working conditions are safe and hygienic

“Workplace hazards are clearly identified and controlled through a working health and safety plan. Responsibility for health and safety is assigned to a senior management representative. Health and safety training is provided for all workers. Appropriate Personal Protective Equipment is deployed and its use enforced. Access to adequate medical assistance and facilities and drinking water and, if applicable, sanitary facilities for food preparation and storage.

Suppliers shall ensure that residential facilities for workers, where provided, are clean and safe. An accident and injury register is maintained. All legal building, electrical, and fire safety, requirements are met. The operating safety of machinery and equipment is assured through a documented maintenance schedule. hazardous Chemicals are clearly identified, and stored and handled in accordance with local regulations and or international best practice. A natural disaster or emergency preparedness plan and training is in place.

The workplace and its recruitment practices are free from harassment, or abuse. There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on age and race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation. A written grievance procedure and training should be established for workers that ensures confidentiality, freedom from reprisal and a pathway to resolution. Establishment for workers that ensures confidentiality, freedom from reprisal and a pathway to resolution."

- Policy extract



Alliance Safety Signage in The Warehouse Garment Factory Dhaka Bangladesh

5.5 WAGES AND BENEFITS

In 2017 the average audit score for wages and working hours was 66.2%

Determining workers' actual pay and its relationship to legal entitlements and working hours is one of the most important and challenging tasks for our auditors.

The baseline indicator an auditor must be aware of is the legal minimum wage for that region and any benefit entitlements such as workplace insurance. In many developing country workplaces, especially in China, workers are paid by pieces produced rather than an hourly rate. Auditors must convert a worker's total pay into an equivalent hourly rate for regular hours worked and an overtime rate for overtime hours worked. To make this calculation true auditors must have both accurate payroll data and accurate working hour data and then validate that this amount was paid to the worker either in cash or via bank account deposits. A random sample of payroll records for individual workers are analysed

and averaged over several months, cross checked with payslips and dialogues with the workers. These calculations are then summarised in a wage table (sample below for a Chinese factory) which illustrates the local monthly minimum wage, the number of days worked in the month, the total number of overtime hours worked in the month, a projected entitlement at a benchmark overtime premium of 1.5 times the legal minimum hourly rate, the actual pay received, and a percentage variation against the entitlement. This calculation is then used to score the factory against its minimum and overtime wage obligations.

While factories typically pay in excess of minimum wage entitlements, and weekday overtime rates, they often do not achieve weekend overtime premiums.

Examples of wage calculation table:

Workers monetary entitlements are met or exceeded

"Wages for regular working hours shall meet or exceed local minimum rates, enable workers to meet their basic needs, and provide some discretionary income.

Where labour is employed indirectly through a licensed agency or broker wages for regular working hours shall meet or exceed local minimum rates, enable workers to meet their basic needs and provide some discretionary income. Where workers are paid by piece, the factory's piece rate schedule should enable workers to achieve at least the minimum legal payment applicable to all regular and overtime hours worked.

When commencing work, all workers must have signed contracts in accordance with local law which include relevant information about their employment conditions, wages, working hours and benefits.

Suppliers shall provide each worker pay slips in their local language detailing regular hours and wages, overtime hours and wages, any bonus paid, and any legally permitted deductions. Suppliers shall not make any wage deductions unauthorised by law. Wages shall not be withheld beyond due dates. Suppliers shall not terminate and re-hire workers in a manner that avoids paying applicable legal benefits.

Where stipulated by law, the supplier shall provide work-related injury insurance for all workers."

- Policy extract

Employee No	Name	Department	Normal Working Day	Total Monthly OT hours	Total Pay @ 1.5 OT Std.	Total Pay According Records	Variation %
N/A	Liu Chenghui	Tie dye	22	142	3577.01	3272.44	-8.5%
N/A	Yu Xiaoqing	Tie dye	22	132	3439.08	3412.35	-0.8%
N/A	Xu Lanfang	Dyeing	22	135	3480.46	4052.14	16.4%
N/A	Xu Fang	Dyeing	22	117	3232.18	4157.07	28.6%
N/A	Xu Youlan	Washing	19	132.5	3225.29	3904.63	21.1%
N/A	Liu Guoshun	Washing	22	141	3563.22	4063.85	14.0%
N/A	Yu Youqin	Pressing	22	127	3370.11	3425.12	1.6%
N/A	Yang Le	Printing	21	105	2993.10	3032.04	1.3%
N/A	Zhou Shuwang	Cutting	22	117.5	3239.08	4757.52	46.9%
N/A	Lan Dong	Sewing	22	106	3080.46	4765.79	54.7%

Month, Year:	Jun-17	Local Min Wage:	1600	Total Local Regular Working Days for Calculation	21.75
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5.6 WORKING HOURS

Of all the prescriptions within the ILO Labour Conventions and other codes such as the Ethical Trading Initiative¹⁶ actual developing country working hours show the greatest deviation from local law and international codes and conventions.

We have been tracking developing country working hours data for more than ten years. Unlike progressive increases in wages, and significant improvement in health, safety, and environmental measures, working hours have remained persistently high – especially when viewed from a western perspective. Long hours remain despite the intensive monitoring efforts of numerous brands and multi-stakeholder initiatives. Unless local governments decide to strictly enforce this element of their labour law, change is unlikely, as production worker earning aspirations, and competitive labour markets continue to dictate working hour norms - even where wages have grown significantly.

Our approach is to place transparency at the forefront and seek a reliable account of working hours in every audit we undertake. This often entails rejecting documentary evidence which is too good to be true and engaging factories

in a constructive debate about the importance of transparency and integrity within the overall business relationship while at the same time demonstrating an understanding of local norms and practices.

According to data from our active factory audits in 2017 average weekly working hours were 69 hours. In a much wider sample of audits undertaken for multiple international brands working hour averages for China and Bangladesh respectively were 65 and 70 hours per week.¹⁷

We believe by pursuing transparency and accepting local working norms we are much better able to identify excessive hours and reduce these via the corrective actions plan agreed with the factory. A typical corrective action request where excessive hours are identified is to first reduce weekly hours to 72 or less with one rest day per week.

Working hours are not excessive.

Regular working hours, excluding overtime, should not exceed 40 or 48 hours per week (whichever is defined by local law). All overtime hours should be voluntary and compensated.

Workers shall be provided with at least one day off in every seven-day period or two days off in every fourteen-day period.

The supplier must record workers' regular and overtime hours accurately as the basis for controlling excessive working hours and providing correct compensation.

Seasonal peak or deadline based demand for overtime must be offset by rest days and reduced working hours.

- Policy extract



16. <https://www.ethicaltrade.org/eti-base-code>

17. You can view a comparative table of various countries' working hour data on pages 42-43.

5.7 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Each audit we undertake includes an evaluation as to whether these worker rights are being restricted. However, the legal sanction for such rights varies by country.

China for example has not ratified the ILO conventions related to the rights to organise, associate, and collectively bargain.¹⁸ Nor has it ratified the convention obliging ILO members to maintain a system of labour inspection. Bangladesh by contrast has ratified both these conventions and their garment sector alone has more than 500 registered trade unions. Notwithstanding China's position our audits have never revealed any attempts by factory management to

restrict these rights and intermittent protest is feature of the Chinese labour landscape. These protests are typically organised outside the auspices of the All-China Federation of Trade Unions (ACFTU) the only trade union that is legally allowed to exist in the country. The relative absence (in a western sense) of workplace unions in China and the lack of enforcement of many labour law elements are important elements of the moral case made for programmes like ours.

Freedom of Association or Collective bargaining are not restricted.

Where the right to freedom of association and collective bargaining is restricted by law, the employer does not hinder, the development of parallel means for independent and free association and bargaining.

Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.

- Policy extract



Seamstresses The Warehouse Garment factory Dhaka Bangladesh

18. http://www.ilo.org/dyn/normlex/en/f?p=1000:11210:0:NO:11210:P11210_COUNTRY_ID:103404

5.8 ENVIRONMENT

Factories' environmental scores have been improving and averaged 86% in 2017.

The suite of environmental check points within our audit tool seeks to assess first whether the factory has achieved any form of external environmental accreditation such as ISO 14001¹⁹, or Oeko-Tex²⁰.

We examine the factories' environmental planning resources such as its policies, environmental hazard register, records associated with energy and water conservation. Finally, we track the practical and legally required actions being taken to monitor wastewater discharge, control air pollutants, dispose of solid waste, enable recycling, and deal with any hazardous wastes.

The Chinese Government's determination to address its pollution problems was very visible in 2017 with a series of crackdowns on polluting factories rolling through the industrial provinces.²¹ In our case, several dye houses associated with our garment factories were shut down without notice while they underwent government inspections before reopening.

In 2017 we began profiling this 2nd tier of our apparel supply chain in much more detail requiring garment factories to identify such secondary sites and describing what kind of environmental oversight they deploy (see our apparel supply chain feature on pages 23-24)

Environment Protection measures are sound.

Suppliers must comply with all local laws and regulations pertaining to environmental protection. Suppliers must maintain an environmental policy and management plan sufficient to control and minimize all Environmental Hazards, Wastes or Pollutants unique to the factory.

Suppliers should be able to trace the origin of all their primary materials and components and provide the disclosure to The Warehouse Group on request.

- Policy extract



Fabric Mill Waste Water treatment ShaoXing China

19. <https://www.iso.org/iso-14001-environmental-management.html>

20. https://www.oeko-tex.com/en/business/certifications_and_services/ots_100/ots_100_start.xhtml

21. <https://www.ft.com/content/f48c9674-ae68-11e7-beba-5521c713abf4>; <https://www.npr.org/sections/parallels/2017/10/23/559009961/china-shuts-down-tens-of-thousands-of-factories-in-unprecedented-pollution-crack>

5.9 SUBCONTRACTING

Although this requirement pertaining to subcontracting has always been implicit in our policy we decided to make these expectations very explicit when we released our updated policy in January of 2017.

Ensuring that production is occurring in qualified designated source factories is a challenge in many supply chains - especially in apparel and footwear. In the past 18 months, we have taken additional measures to strengthen our assurance systems in this regard. In Bangladesh, we deploy our own quality control inspectors to factories daily rather than our former practice of releasing shipments based on final inspections by third parties. In Chinese garment factories if we don't think we are maintaining sufficiently frequent contact with factories we have deployed 3rd party auditors to factories on an unannounced basis to analyse the factories recent production schedule and look for evidence of subcontracting. In November, we employed a full-time specialist within our Shanghai office to focus on production validation and corrective action plan support for factories – primarily in the garment sector. We have been emphasising this policy requirement in all our recent supplier communications – at our September vendor conference

in Shanghai and in our regular face to face meeting with vendors in China, Bangladesh and elsewhere.

We documented 12 instances of unauthorised subcontracting in 2017.

In the instances where we uncover instances of unauthorised subcontracting at minimum we suspend trading with the responsible vendor or factory until and if we can re-establish confidence that they understand and will adhere to our policies. We also check to see if we have contributed in any way through a lack of communication or overbooking the factory in relation to its capacity and ability to meet production deadlines.

However, unless a final manufacture site is very large and vertically integrated some processes and most procurement of materials and components must be sourced from subsidiary suppliers or processors. This is a necessary and entirely legitimate form of subcontracting.

Subcontracted production or processing is disclosed and authorised.

Facilities engaged by the supplier or factory for subsidiary processing must be disclosed at the time of factory registration. Subsidiary processing facilities may be inspected at any time at the discretion of The Warehouse Group. Purchase orders must be manufactured at the factory designated by the supplier on the purchase order. Order diversion or subcontracting to a factory other than designated on the purchase order shall only occur with the advance knowledge and written authority of the The Warehouse Group.

- Policy extract



Fabric Mill Waste Water treatment Fujian China

5.10 BUSINESS INTEGRITY

Our overall transparency score in 2017 was 76% - an improvement from 66% in 2016.

This policy element goes to the heart of why our programme exists.

We know our customers²² and team members expect our supply chain behaviours and standards to be consistent with The Warehouse Group's vision to help communities throughout New Zealand to flourish and to contribute to a more sustainable country and planet. Every audit we undertake contains the auditor's assessment of the transparency and reliability of the audit findings.

Our auditors function within a protocol that demands an immediate notification of any integrity breaches such as bribery attempts. We received 2 such notifications in 2017.

Bribery Notifications

- Home Decor Factory Shanghai China December 2017

Attempted bribery during audit on challenge to non-transparent records. After we received the immediate notification from our auditor the factory manager met with our China Sourcing Manager and provided a documented retraction and commitment to the provision of transparent records. These were later validated by our internal Ethical Sourcing specialist. Conditions in the factory are otherwise positive (audit score of 94%) and we continue to trade with this factory.

- Home Décor Factory Yiwu China August 2017

Attempted bribery during an initial audit (despite signing the audit

integrity commitment which is a feature of every audit opening meeting). This was the first social compliance audit undertaken by this factory. The audit score was 62%, with four core standards failures and non-transparent practices. We ceased trading with this factory.

By far the most common breach of integrity we encounter is an attempt during an audit to misrepresent payroll and working hour data. This is a zero-tolerance issue for us and unless this is resolved promptly we terminate the trading relationship. Another important integrity risk highlighted in our policy, is fraudulent or doctored product test reports or certifications. For this reason, our QA technicians always validate these documents with their associated test lab prior to commencing their own review.

New Zealand is still fortunate enough to enjoy a number 1²³ ranking in Transparency International's World Corruption Perceptions Index. In their open letter to the then Prime Minister, Transparency International stated that "New Zealand is perceived as the least corrupt nation in the world; integrity is New Zealand's most important asset." We are lucky that "doing the right thing" is still a core Kiwi value. At the Warehouse, we are determined to do our best to uphold this value wherever we operate. We know we are not perfect - we find challenges everyday - but we are continuing to press forward with our continuous improvement initiatives.

No unethical or illegal conduct.

Suppliers shall not offer gifts or money to an employee or service provider engaged by The Warehouse.

Assistance with transportation shall be limited to local hub connections. Hospitality shall be limited to working lunches or dinners.

Where an employee or service provider of the The Warehouse Group solicit gifts, money or any other benefit this must be declined and reported to The Warehouse Group at ethical.sourcing@thewarehouse.co.nz.

Suppliers and their employees shall not attempt to fraudulently meet the requirements of this policy, quality standard, or any other business requirement through any kind of intentional misrepresentation or deception whether documentary or verbal in nature.

The provision of copies of audit reports as evidence of the suppliers conformance with this policy shall be deemed as permission to contact the auditing body for report verification purposes. Likewise, any copies of test reports or certifications submitted in support of any product's conformance with any regulation or standard shall be deemed as permission to contact the test laboratory or certifying body for verification purposes. Suppliers shall participate in any audits or assessments undertaken with respect to their compliance with this policy in a cooperative and transparent manner.

- Policy extract

22. See page 25 for our recent survey of customer's ethical sourcing expectations.

23. <https://www.transparency.org/country/NZL>



NEW INITIATIVES

APPAREL SUPPLIER SURVEY & TIER 2 DISCOVERY

In October 2017, we distributed an online survey to all our active Apparel vendors. The main purpose of the survey was to begin to map the characteristics of the second tier of our garment manufacturing base.

These are the fabric mills, dye and wash plants, fabric printers, accessory and packaging suppliers supplying the final garment manufacturing sites making our private label clothing ranges. A secondary objective was to understand what forms of assurance apparel vendors deploy over their own supply chains.

Following on from the survey we have begun to capture the location and identity of these diverse Tier 2 sites. This along

with the Tier 2 assurance disclosures provided in the survey will inform our interest in extending our ethical assurance programme into this level of the apparel supply chain.

Quantifying

In 2017 we sourced from 103 apparel vendors associated with 190 (Tier 1) factories. At the time of the survey we had consolidated this to a group of 66 vendors of whom 55 participated in the

survey. Based on our survey responses we estimate that underlying this group of vendors and their Tier 1 factories is a larger group around 1000 Tier 2 suppliers. Survey data indicates that the largest number of these are fabric mills (21%) followed by accessory suppliers (17%) and dye houses (16%). The remainder are distributed among various kinds of specialists such as embroidery shops, screen printers, and packaging suppliers.

APPAREL SUPPLY CHAIN MAP : VENDOR/TIER1/TIER 2

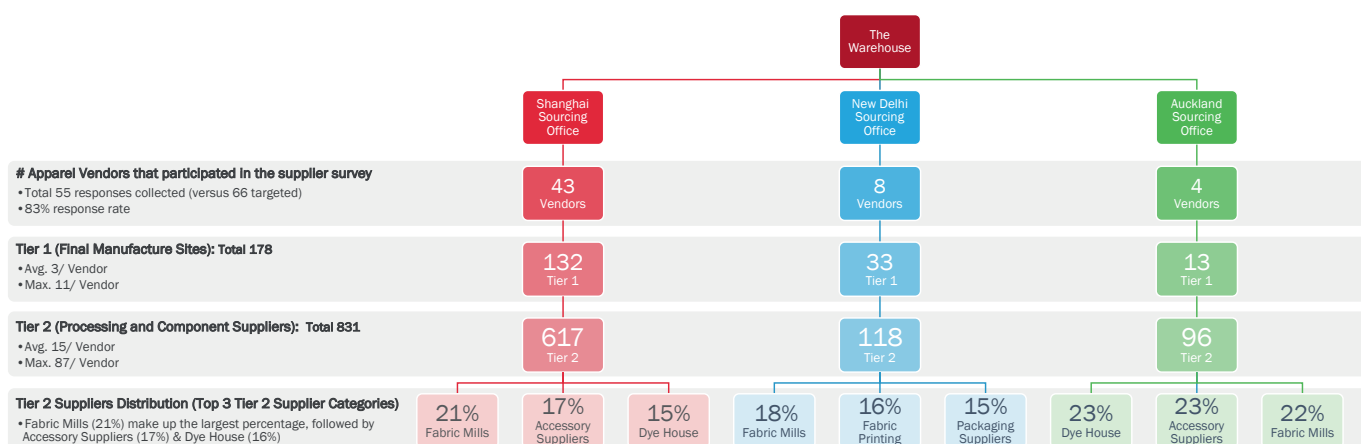


Chart illustrates the network of apparel vendors, their Tier 1 final manufacture sites, and Tier 2 subsidiary suppliers associated with our three sourcing offices in Shanghai – China vendors and factories, New Delhi – Bangladesh vendors and factories, and Auckland – New Zealand vendors also sourcing from Asia.

Assurance

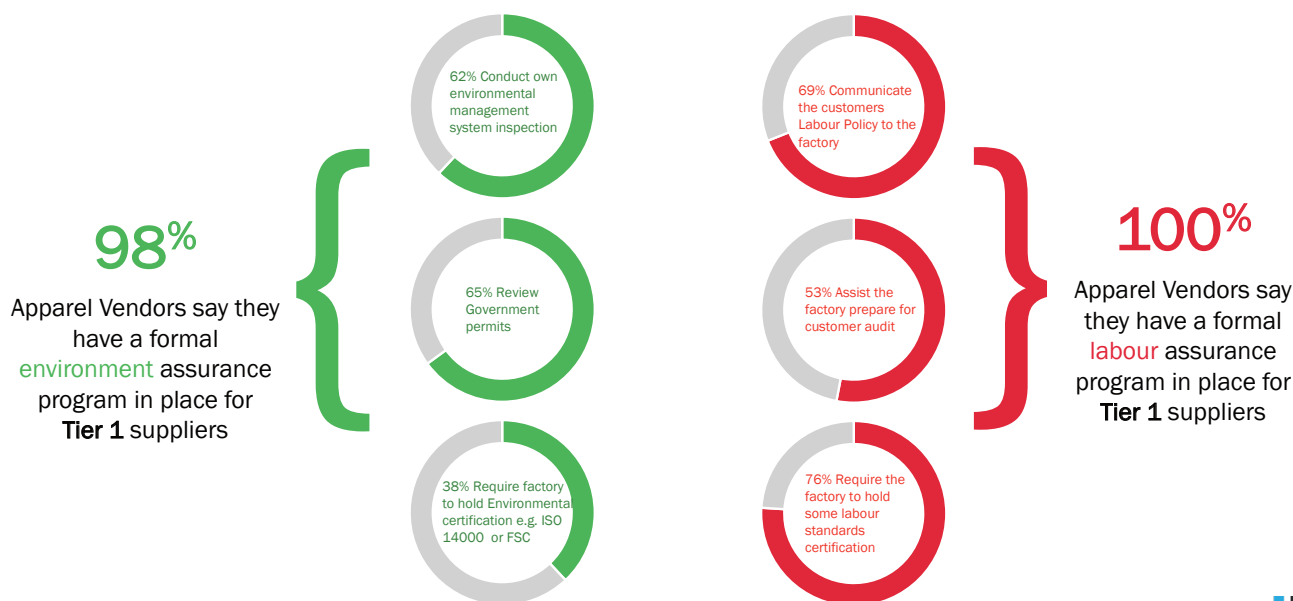
Securing any labour, environmental, or quality assurance over this part of our supply chain is complex especially as our transactional significance and influence is increasingly diluted at each descending

tier of the supply chain. Nevertheless, as a first step within the survey we asked vendors several questions about the kinds of Environmental & Labour assurance they maintain over their Tier 1 and 2 supply chains.

The results for the 55 survey respondents are illustrated in the accompanying infographics.

TIER 1 ENVIRONMENT AND LABOUR ASSURANCE

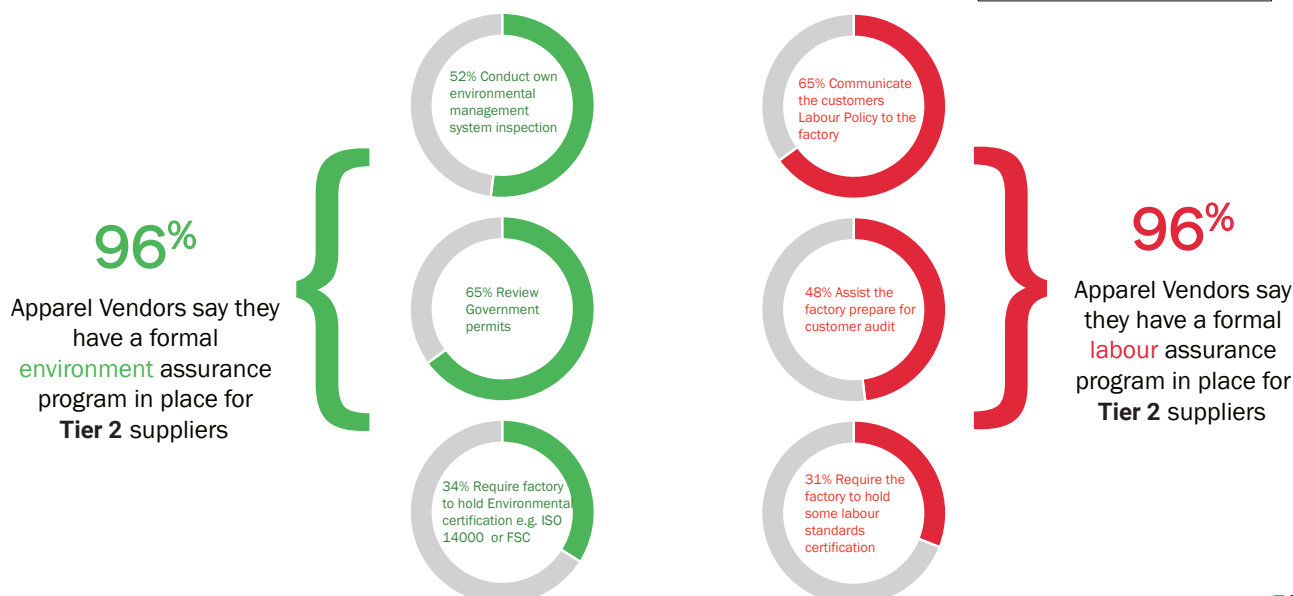
Tier 1 = Final manufacture sites



thewarehouse //

**TIER 2 ENVIRONMENT AND LABOUR ASSURANCE**

Tier 2 = Subsidiary suppliers – Fabric Mills, Accessory Supplier, Dye Houses



thewarehouse //



CUSTOMER SURVEY – NEW ZEALANDERS' VIEWS ON ETHICAL SOURCING

In August 2017, we undertook 2 focus groups to better understand customers' views and expectations concerning Ethical Sourcing.

The themes explored included:

- The level of importance to customers when choosing a retailer?
- What does responsible sourcing mean?
- Who does it well/not so well?
- What are the issues?
- What is the best way to communicate about responsible sourcing?
- The Warehouse and responsible sourcing?

Customers told us that they don't have ethical sourcing top of mind and they don't generally think about the supply chain of the retailers they shop at and products they purchase, but said it could be easily brought to mind by the media. They recommended we be proactive with

communications about Ethical Sourcing rather than passive or reactive to media stories. They identified reputation and trust, as important factors when choosing a retailer. They felt that hearing it from The Warehouse up front (before any negative media exposure) gives reassurance.

The focus group members had plenty of suggested actions retailers could take to exercise responsible sourcing:

- Assist factories to achieve better standards, not to cut off sourcing from them
- Get actively involved and give them time to improve
- Provide charitable support to communities factories are in

- Develop own standard of conduct to apply
- Incorporate ethical clauses in contracts
- Communicate sourcing with customers – they would rather hear it from the horse's mouth
- Training modules for staff to complete so they can share this information with customers if they ask (should be based on NZ national standards that are used by all/many retailers)
- Advertise this information on social media, in-store e.g. posters, and on retailer's website (must not be in your face, yet easy to find)
- Stickers on products to show it's ethically sourced e.g. like star rating /Health tick on food or SPCA tick on eggs

Responsible sourcing was seen by focus group members as just one element of overall responsible retailing.



ELEARNING – ONLINE RESOURCES FOR FACTORY MANAGERS

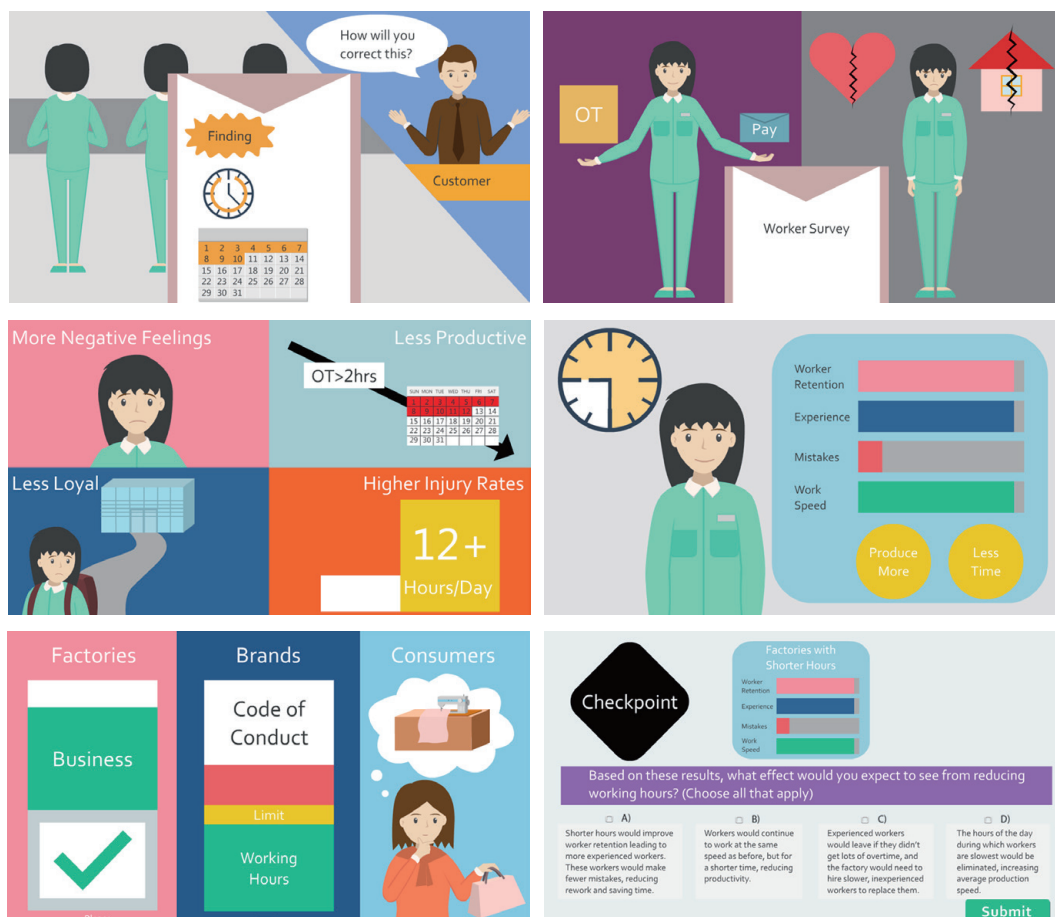
Support for factories remediation or corrective action is the vital third element of the threefold prescription (of policy, due diligence, and remediation) described in the United Nations Guiding Principles on Business and human rights.²⁴

A new initiative we have developed with our service provider (Elevate) in 2017 and intend deploying in 2018 is the delivery of ELearning courses addressing some of the most common improvement and remediation themes encountered during factory audits. The courses are intended to supplement the direct contact and communication we have with factories, but the digital learning format enables

us to deliver the resources and insights smaller factories often lack, more effectively and uniformly than via our typical training workshops. The courses are delivered in local languages.

The initial library we intend distributing in 2018 includes courses on:

- Authentic preparation for workplace assessments (audits).
- Transparency & Ethics
- Corrective Action Plans
- Working Hours
- Working Hours Management Systems
- Working Hours Recording Systems



24. http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

WORKER VOICE

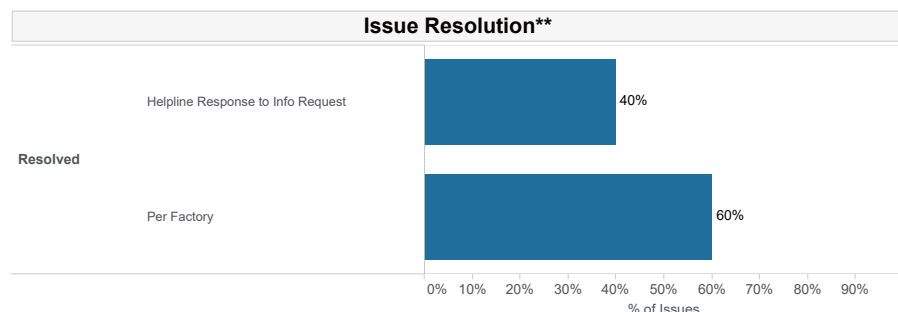
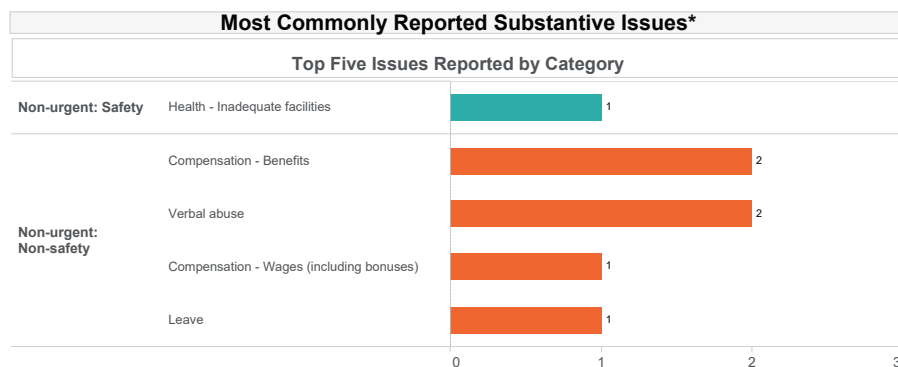
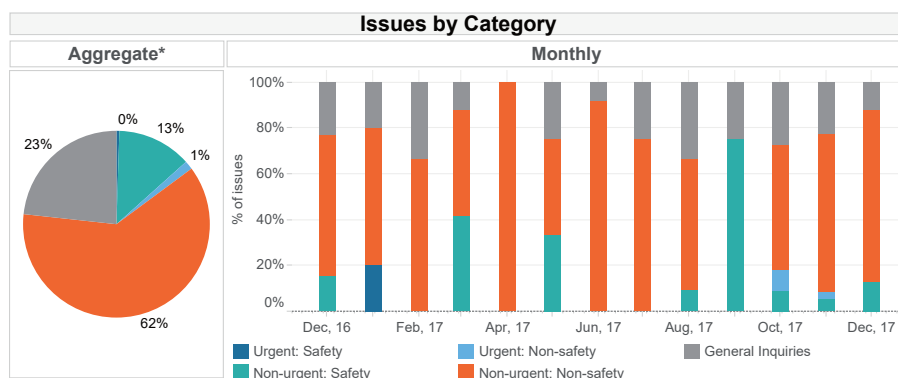
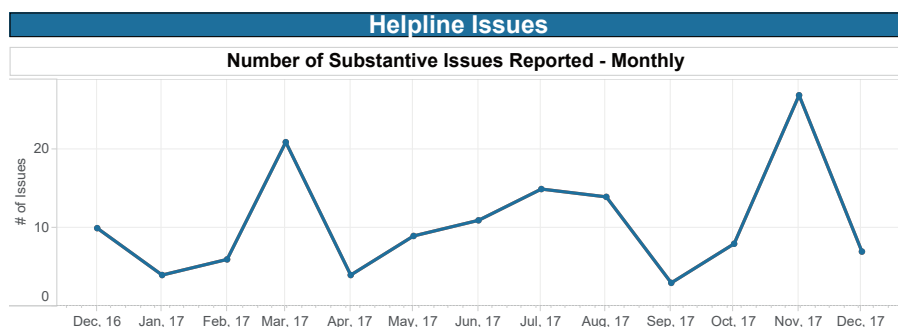
For most of the history of our programme our primary means of directly accessing workers' opinions and perceptions has been the worker interview conducted within every factory audit.

A skilled auditor can put workers at ease and secure reliable anonymised information. We estimate that we have been able access over 5000 workers' views over the past 3 years in this fashion. However, we have been trying to develop a mechanism to enable workers' perceptions and concerns to be captured independent of any audit – and potentially at any time.

Our first effort in this regard was via the Worker Helpline operated by The Alliance for Worker Safety in Bangladesh. All workers in our Bangladesh factories have access to the helpline. The Helpline—Amader Kotha²⁵ (“Our Voice”) in Bangla—provides workers with a reliable 3rd-party reporting channel that allows them to raise safety concerns anonymously.

The Helpline was first piloted and launched in July 2014, and has received thousands of calls from workers.

The adjacent chart profiles helpline calls received from workers in Bangladesh factories supplying The Warehouse



* Data collected before December 1, 2014 is not included in the analysis of issues.
 ** Issue resolution data is reflected from June 15, 2015 (beginning of data collection) onward.

Integrated Assessment

In another initiative, we are piloting a new form of integrated assessment (audit). In addition to the standard audit tool and methodology (which includes face to face worker interviews) the new audit format we are piloting includes Labourlink²⁶ technologies. Using a variety of mobile technologies, from Interactive Voice Response (IVR) to WeChat (China's ubiquitous messaging, social networking

and procurement platform) Labourlink is an efficient way to collect unfiltered feedback directly from workers. Workers can access the feedback survey privately and in their own time. The survey we are deploying at present captures worker insights on job satisfaction, worker safety, factory conditions, working hours and wages, and relationships with managers. Output from the survey creates a much more holistic view of

a factories performance and worker engagement than a typical audit which is more compliance oriented. Feedback from the survey is aggregated and anonymised before being relayed back the factory management as an adjunct to the continuous improvement plan arising from the existing elements of the audit

Integrated audit worker survey data below:

WORKER SATISFACTION



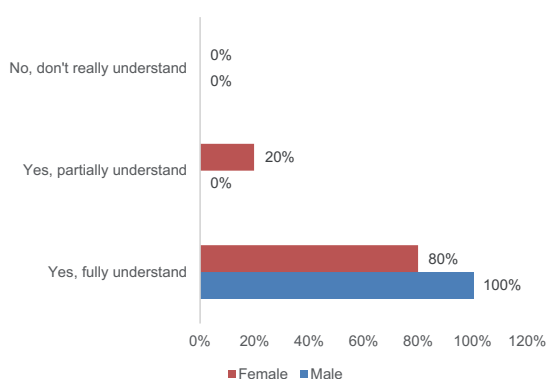
BUSINESS OBSERVATIONS

1. Grievance Mechanism	Risk Workers have not raised suggestion/complaint in the last 12 months
	Recommendation If workers have not raised suggestions or complaints, factory should evaluate if there is a process for documentation of worker feedback, how management is made aware of the feedback, and how feedback is handled. Where the volume of suggestions or complaints is especially high, the factory should evaluate if effective processes are in place to review and resolve issues raised. A high number of complaints or suggestions does not always mean that workers are dissatisfied. Instead, frequent use of a channel shows that workers know and trust the process to speak up.
2. Working Hours	Risk Workers have worked on a designated holiday or rest day
	Recommendation The minimum rest day per calendar week in China is 1 day per calendar week. If workers report receiving less, factory management should conduct an internal review of its working hours policy.
3. Grievance Mechanism	Risk Workers are not willing to speak up if they have a suggestion/complaint
	Recommendation Factory should proactively educate workers on existing grievance mechanisms and communicate with workers on issues that matter to them, such as asking for workers' feedback on canteen services, production arrangement and toilet conditions. Actively seeking workers' opinions cultivates an open environment and encourages them to raise concerns before major problems develop.

HIGHLIGHTS

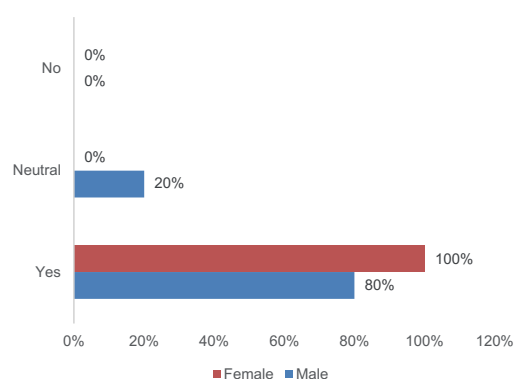
Wages

Do you understand how your wages are calculated?



Relationship with Supervisor

Do you feel comfortable talking to your direct supervisor (e.g. your line leader/supervisor)?



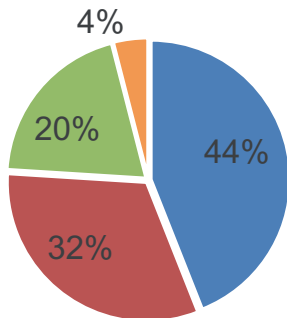
26. <https://www.mylaborlink.org/>

Integrated audit worker survey data below:

HIGHLIGHTS

Trust in Grievance Mechanism

Which channel do you trust the most to raise a suggestion or complaint?



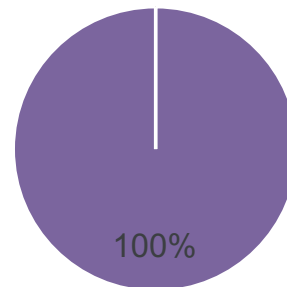
Directly to management
Suggestion box
Union or worker committee
Hotline in the factory
External hotline
No trusted channel exists

100% of females trust in a system to raise a suggestion or complaint.

96% of migrants trust in a system to raise a suggestion or complaint.

Harassment

Have you ever been harassed or physically harmed by someone in your factory?



Considered striking or quitting because of it
Discussed it with co-workers, a supervisor, or union representative
Yes, but you have not taken any action
No, it is not a concern

0% of females have been harassed or physically harmed.

0% of migrants have been harassed or physically harmed.

RISK IDENTIFIED

Issue	Total Factory Risk	Male	Female	Migrant Worker
Not willing to speak up if had a suggestion/complaint	12.00%	6.67%	20.00%	13.04%
Have not raised suggestion/complaint in the last 12 months	96.00%	100.00%	90.00%	95.65%
Do not think suggestion/complaint would be treated seriously by management	0.00%	0.00%	0.00%	0.00%
Do not understand how wages are calculated	0.00%	0.00%	0.00%	0.00%
Think they are paid unfairly for their work	4.00%	0.00%	10.00%	0.00%
Worked 10+ hours on any given day	0.00%	0.00%	0.00%	0.00%
Worked 10+ hour days for more than 7 days	0.00%	0.00%	0.00%	0.00%
Worked on a rest day or holiday	56.00%	46.67%	70.00%	56.52%
Do not feel comfortable talking to a direct supervisor	0.00%	0.00%	0.00%	0.00%
Have been publically embarrassed or yelled at by a supervisor	4.00%	0.00%	10.00%	4.35%
Has been harassed or physically harmed by someone in the factory	0.00%	0.00%	0.00%	0.00%
Do not see themselves working here in 1 year's time	0.00%	0.00%	0.00%	0.00%



TRENDING NOW

TRANSPARENCY

The use of the term transparency has increased dramatically over the past decade reflecting the full flowering of the information age. In a business and institutional context transparency has come to be seen as a social good and an important reputation marker for consumers and civil society generally.

Transparent (def.)

- a: free from pretence or deceit
- b: easily detected or seen through
- c: readily understood
- d: characterised by visibility or accessibility of information especially concerning business practices

The provision of transparent and accurate working hours and payroll records is a baseline we strive to achieve in every factory audit we commission or report that we review. Without a foundation of transparency audit findings are not reliable representations of workers' true situations. According to our audit findings in 2017, factory managers were transparent from the outset (providing reliable disclosures and documentation) 65% of the time. This is an improvement over the equivalent measure for 2016 and brings our 2017 audit transparency score to 76% once you add the 11% of cases where managers provided reliable

disclosures after deeper dialogue with our audit professionals. This compares very favourably with a transparency score for China of 50% over a much larger sample of audits conducted by our service provider.²⁷

We have a zero-tolerance approach to non-transparent audit behaviours for new candidate factories i.e. they won't be permitted to join our supply chain. If these actions occur when auditing an active incumbent factory, they are given one opportunity to provide correct information and are placed on an amber list. They will receive direct contact from our internal Ethical sourcing team

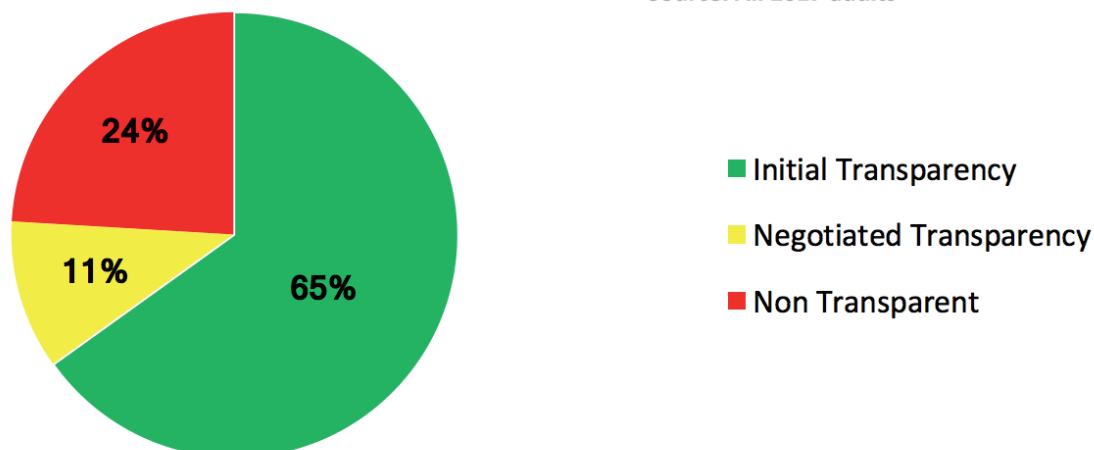
members. Going forward from 2018 this will be supplemented by an ELearning course on transparency and ethics.

We have commented at length about the root causes of non-transparent behaviours in previous reports.²⁸

Because of the frequency of non-transparent practices, we treat the submission of existing labour credentials by new candidate suppliers with caution. In 2017 we declined to recognise about half of the audit reports submitted to us by factories and instead insisted on carrying out our own inspection.

Management Transparency 2017

Source: All 2017 audits



27. Elevate – overall transparency disclosure based on aggregated audit data

28. 2017 Ethical Sourcing Report pages 2 -3. <http://docs.thewarehouse.co.nz/red/pdfs/suppliers/ethical-sourcing/The-Warehouse-Ethical-Sourcing-Report-2017.pdf>

From an internal supply chain perspective, transparency also means our ability to see into and trace the origin of our goods (and their accompanying social and environmental characteristics.) As mentioned above we now have the capacity in our database to trace the final manufacture origin of 99%²⁹ of our own label merchandise. Within our apparel supply chain, we have now begun a process

of tracing back to 2nd Tier -component suppliers and subsidiary processors and have validation processes in place to physically cross check that our purchase order to source factory linkages in our database match the actual (Tier 1) production site.

Finally, from an external standpoint, transparency means our ability and willingness to share meaningful

information (as in this report) with our customers and the wider public about the characteristics of our merchandise and supply chain and the steps we are taking to protect worker rights and ensure that the worst forms of labour abuse such as Modern Slavery or Child Labour are excluded from or not being unwittingly supported by our supply chain.

Traceability of Private Label orders	% Value
Calendar 2017	99.4%
Financial Year 2017	99.3%
Financial Year 2016	98.9%
Financial Year 2015	83%

Scope of Private Label Assurance - orders placed in audited factories

Calendar 2017	94.70%
Financial Year 2017	94.30%
Financial Year 2016	94%
Financial Year 2015	67%

Audit Result Risk Profile

High Risk*	0.2%
Moderate (Non Transparent)	7.58%
Moderate (Unkown source or unaudited factories)	2.4%
Acceptable (corrective actions may be pending)	90%

*Overall score <70%+> 3 core standard failures



LIVING WAGES

Many labour advocates, including here in New Zealand, advocate for the implementation of transparently calculated “living wages” versus the typical, country or region specific, legal minimum wage.

The wage data we capture in every audit shows that in general workers' monthly incomes significantly exceed the monthly legal minimum wage. Our policy stipulates that monthly incomes should meet or exceed legal entitlements. We have not encountered any factories who use the calculations promoted by living wage advocates but factory managers are highly sensitive to the need to retain workers and reward their skill and productivity. Wages are increasing steadily in most countries in which we source our merchandise. Sometimes this is driven by governments increasing minimum wage rates otherwise by

market forces such as the need to attract and retain skilled workers.

According to 2017 country wage data shared with us by Elevate³⁰ average production worker monthly take home wages in Bangladesh, India and China were \$116, \$136, and \$536 USD respectively. These figures are significantly less than those projected by living wage advocates (more so for Bangladesh and India) as illustrated in the table below. This especially so when you consider that living wage entitlements are considered to accrue within regular working hours – excluding overtime work.

This is an important issue and goes to the heart of debates about the degree of social equity being created by globalisation and free trade. China is the best contemporary example of rapid economic development and wage growth being driven by their manufacturing sector supported by stable government and an open trading environment. The Warehouse supports the right of governments to set wages based on their view of their countries' strategic interests, and workers' rights to organise and enter wage bargaining where sanctioned by law.

Country	Average USD Monthly Take Home Salary (The Warehouse data*)	Average Monthly Take Home Salary (Elevate data)	Projected Monthly "living wage" Anker calculation ³¹	Projected Monthly "living wage" Asia Floor Wage calculation ³¹
Bangladesh	123	116	198	358
China	600	536	386	628
	<i>This amount includes regular wages and overtime wages - does not include any additional allowances benefits incentives or bonuses. Its is derived from the wage data within our 2017 Apparel Factory audit reports wherein we judged the wage data to be reliable.</i>	<i>This amount includes all wages & deductions i.e. regular wages, overtime wages, allowances / benefits / incentives / bonuses and deductions. Its is derived from the wage data within Elevates 2017 audit reports (for multiple brands) wherein wage data was judged to be reliable.</i>	<i>"The Global Living Wage Coalition brings together Fairtrade International, Forest Stewardship Council (FSC), GoodWeave, Sustainable</i>	<i>The Asia Floor Wage Alliance (AFWA) is an international alliance of trade unions and labour rights activists who are working together to demand garment workers are paid a living wage. Asia Floor Wage has defined its own formula and methodology to calculate a living wage www.asia.floorwage.org</i>

Disclaimer: Differences in the timing of wage data collection and currency conversion rates mean that figures in the table should be taken as broad relativities rather than precise measures.

30. <http://www.elevatelimited.com/>

31. Oxfam - A Sewing Kit for Living Wages. <http://whatshemakes.oxfam.org.au/wp-content/uploads/2017/10/A-Sewing-Kit-for-Living-Wage.pdf>

BANGLADESH

Our business in Bangladesh continues to grow. In 2017 12% of our apparel sales were derived from garments made in Bangladesh.



When sourcing from Bangladesh our normal Ethical sourcing procedures of supplier pre-qualification, ongoing factory monitoring (for active factories), and continuous improvement initiatives and training all apply. To these we add the additional support and scrutiny available via our membership of Alliance for Worker Safety in Bangladesh.³² All factories we source from in Bangladesh must maintain positive momentum in any remediation path generated by building and fire safety assessments conducted by Alliance (or Accord)³³ engineers. In addition to achieving these physical building and fire safety standards the entire production workforce along with security guards at our Bangladesh factories are required to participate in safety training. This includes the formation and training of a safety committee. Finally, every worker has access to an anonymous helpline

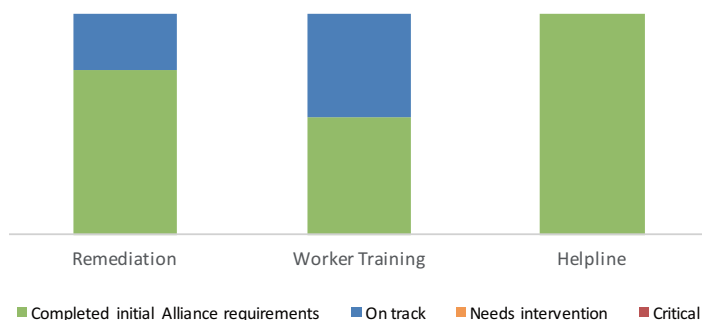
where they can report safety or other issues to the Alliance who will relay the concerns on behalf of the worker to management for resolution. As an Alliance member, we have constant real-time access to a dashboard detailing the status of a factories progress against their remediation and training critical paths. Likewise, we can access a profile of all helpline³⁴ calls placed by workers within our factories. Our sourcing teams are regularly called upon to lend encouragement to the factory management as they work along their critical paths.

Its pleasing to note that as at January 2018 all our Bangladesh supplier factories had either completed or were on track with any physical building and fire safety remediation work, worker training and the provision of helpline services, and there were no unresolved urgent safety

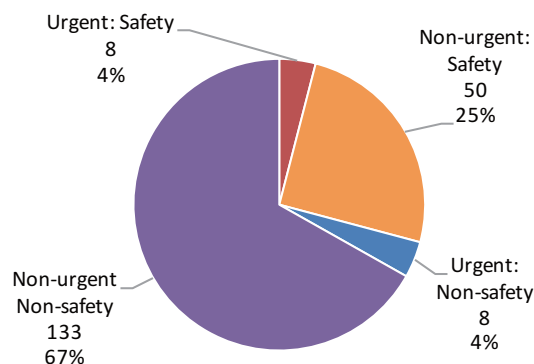
issues arising from helpline calls. These measures compare favourably with the status of overall members' factories; as shown in the charts below.

The Bangladesh Accord and Alliance initiatives have been one of the most successful industrial safety interventions in history. They have not been without criticism, and factories whose customer base lies outside the Accord or Alliance, have escaped these expectations and opportunities. The Bangladesh readymade garment sector is currently the largest single contributor to it's economic growth. There remains much more to do between stakeholders to ensure further progress especially regarding curbing excessive working hours – which are high when contrasted to other developing countries, and to increase wage rates.

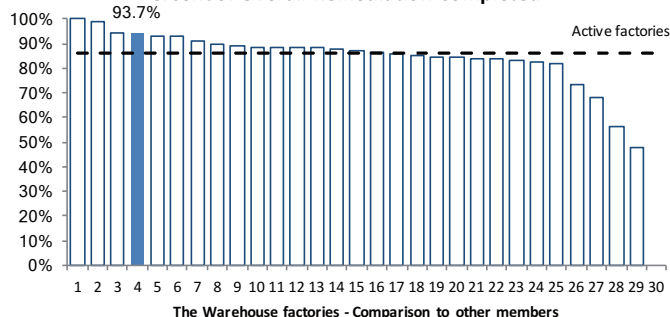
The Warehouse Factory Statuses at January 2018



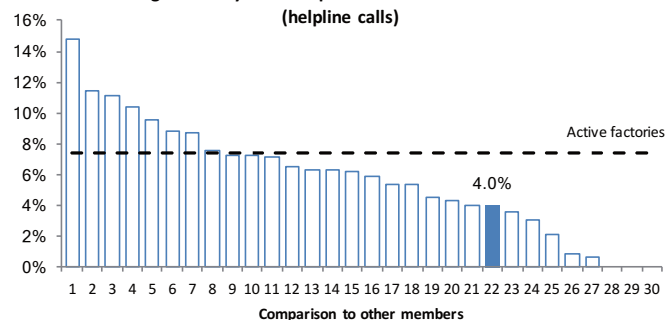
The Warehouse Factory Helpline Substantive Issues



Percent of Overall Remediation Completed



Urgent Safety issues as percent of substantive issues (helpline calls)



32. <http://www.bangladeshworkersafety.org/en>

33. <http://bangladeshaccord.org/> some factories are remediating under the Accord on Building and Fire Safety – an alternative multi-stakeholder safety initiative in Bangladesh.

34. <http://www.bangladeshworkersafety.org/en/what-we-do/worker-empowerment/worker-helpline/319-worker-helpline>

HUMAN TRAFFICKING AND MODERN SLAVERY

As mentioned in the introduction, The UK's Modern Slavery Act³⁵ is beginning to gather interest in Australia and New Zealand.

In August 2017, The Australian government published a public consultation paper outlining its proposal to create a Modern Slavery in Supply Chains Reporting Requirement for Australian companies. Under the UK Act companies of a certain size must prepare and publish a slavery and human trafficking statement each financial year. The possibility of a New Zealand Act with similar intentions is beginning to be discussed in government, academic and NGO circles in New Zealand.

In 2016 The Warehouse participated in a Modern Slavery Act Survey lead by researchers from the UK's Hult International Business School and the Ethical Trading Initiative (ETI). The research focused on the role of corporate leadership in addressing modern slavery. Twenty-five leading brands and retailers

were interviewed, and a further 46 brands participating in an in-depth survey. The resulting report³⁶ can be downloaded at the Ethical Trading Initiative website.

Human Trafficking and Modern Slavery are very strong terms and point to the extreme end of a spectrum of potential labour abuses. Tragically it is estimated that millions of people around the world today are trapped in forms of modern slavery.

We have not encountered definitive evidence of such extremes in our assurance work to date. However, the reality is that no organisation can make categorical statements excluding this possibility especially in more remote and indirect tiers of their supply chain. This report is a representation of the steps we have and are taking to exclude all forms of labour abuse from our supply chain

and to ensure our trade is rewarding suppliers who are upholding worker rights and entitlements. We believe that our programme in its current state already achieves most of the objectives of the Modern Slavery Act – at the 1st Tier of our supply chain. Nevertheless, we have engaged a Modern Slavery Act consultant to help us identify areas where we can improve.

A strong risk factor for modern slavery is any situation where there are high rates of migrant workers coming from undeveloped countries to take low skilled jobs in developing countries. These risks are compounded if there are corrupt immigration services or agents and a demand for labour that exceeds that available through government quotas.



35. Modern Slavery Act. <http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>

36. Report - Corporate Leadership Modern Slavery. <https://www.ethicaltrade.org/resources/corporate-leadership-modern-slavery>



APPENDICES

The Warehouse Apparel Factories - active in 2017

The publication of this list does not constitute an invitation nor permission to visit these factories. These are private businesses - not owned in whole or in part by The Warehouse. Factory access is entirely at the discretion of the owners. Each factory's status is determined on the basis of The Warehouse's best endeavours in accordance with the policies and procedures published in this report. Lower scoring factories will have continuous improvement actions they are working on.

GOLD	SILVER	Bronze	Pending
>90 The Warehouse Audit Score	75 - 90 The Warehouse Audit Score	<75 The Warehouse Audit Score or via a Cross Brand Audit Report Recognition	Awaiting audit

Factory Name	Address	City	Country	Status
NINGBO YINZHOU YUANJIE GARMENT CO.,LTD	898# NINGCHUAN ROAD QIU AI TOWN	NINGBO	China	Gold
HUBEI AMETHYST GARMENTS CO.,LTD.	Donggang Road	Daye City	China	Gold
Jianlong Garment Manufactory Ltd.	No.11 Yu Jin Middle Road, Zhu Jin Industrial Area	Shantou	China	Gold
BEIJING AIKON TEXTILES LTD	NO.3 SOUTH INDUSTRIAL DEVELOPMENT ZONE	Beijing	China	Gold
Sunny Jet Hosiery Co. Ltd	3/9 Longquan Road, Guangling Industry Zone	Yang Zhou	China	Gold
Wenzhou Tebang Leather Co.Ltd.	No.2,Shenyi Road,Xi'anyan Industrial District,	Wenzhou City	China	Gold
TG00261 - JIA FU	Nanhai	Foshan	China	Gold
Fuqing Xinghai Shoe Co., Ltd	Jingyang	Fuqing	China	Gold
CHANGLE CAIMAO GARMENT LTD	Beiyuan Town Government Station	Weifang City	China	Gold
Travelwell Sportsware Co.,Ltd	Huangcang Industrial zone	Zhangzhou	China	Gold
Nantong Honglian Garments Co., Ltd.	Liuwei Industrial Zone	Haian	China	Gold
Dayuan Garments & Weaving Co.,Ltd.	East Matou Road	Jinjiang	China	Gold
Cresox Private Limited	A- 40, Manghopir Road, S.I.T.E	Karachi	Pakistan	Gold
Zhangjiagang Huaxia Headgear Co., Ltd	European Industrial Park	Zhangjiagang City	China	Gold
Tianjiao huao(tianjin) garments co., ltd	no. 8 huan cheng south road	tianjin	china	Gold
Quazi Abedin Tex Ltd.	Shovapur, Rajfulbaria	Dhaka	Bangladesh	Gold
Fuzhou Fairmount Garment Co.,Ltd.	No.35 Jinlin Road	FUZHOU	China	Gold
Matrix Styles Ltd	Degerchala, National University,	Gazipur	Bangladesh	Gold
Sinha Knitting Ltd	Narayanganj	Narayanganj	Bangladesh	Gold
Qingdao Daily Fashion Garment Co.Ltd	No.129 East Huan tai	Qingdao	China	Gold
Ningbo Yongnan Times Garment CO.,Ltd	East Xiangshan Gang Road, Juexi	NingBo	China	Gold
Ningbo Evergreen Industry Co.,Ltd	No.6 Longjin road,	Ningbo	China	Gold
Jiangxi JHT Apparel Co Ltd	Zhuqiao North Road	Nanchang	China	Gold
KUNSHAN BAI GE GARMENT	NO.22 SHANPU WEST ROAD	KUNSHAN	China	Gold
Virtual Bottoms Ltd.	PLOT SA 179, RS 1356, JAMGARA Ashulia SAVAR	DHAKA	Bangladesh	Gold
The Delta Composite Knitting Ind. Ltd.	Zarun (South)	Gazipur	Bangladesh	Gold
Taicang E&D Garment Co.,Ltd	No 215 Luoyang east road	taicang	China	Gold
Rushan City Lizuo Textiles co., ltd	Bei Huan Road	Weihai	China	Gold
Voyager Apparels Ltd	8, Malibag Chowdhury para, Dhaka-1219	Dhaka	Bangladesh	Gold
SHANTOU FULONG GARMENT CO.LTD	No. 67 Gufeng Road,	Chaoyang, Shantou City	China	Gold
HEZE ELEGANCE FASHIONS LTD	JINAN	HEZE	China	Gold
Xiamen Jia De Xing Industrial Co.,Ltd.	2-5th Floor, 16th Building, Huli District,	Xiamen	China	Gold
WING HING LUNG GARMENT FACTORY	LIANG WU INDUSTRIAL AREA	HUI ZHOU	China	Silver
IRIS Design Ltd.	Jhazhor, National University	Gazipur	Bangladesh	Silver
Birds RNR Fashions Ltd.	113, Baipail	Savar	Bangladesh	Silver
YISHUI JHC GARMENTS CO.,LTD.	Hengtai Road	Yishui	China	Silver
PUJIANG MINGYUAN IND & TRD	Zhongshan Industrial Park	Jinhua	China	Silver
Auskey Apparel Co Ltd	No.281, Baian South Road	Foshan	China	Silver
Nanchang Qunfu Knitting Garments Corporation Limited	NO.666,Dongtai Road,	Nanchang	China	Silver
YANGZHOU HENGTONG	No. 18, Jinshan Rd	Yangzhou	China	Silver
NINGBO YINZHOU FUKU CLOTHING CO. LTD.	QiTong Industrial Estate 4th floor	Ningbo	China	Silver
HANGZHOU YIQUN TEXTILE CO.LTD	Lingjiao Industrial Zoo	Jiande	China	Silver
XIANGSHAN XINGANG APPAREL CO.,LTD	NO 305 XIGU ROAD	NINGBO	China	Silver
SUINING GUOTAI GUOHUA GARMENTS	12-13 the first industrial park	SUINING	China	Silver

APPENDICES

-APPAREL FACTORIES

Factory Name	Address	City	Country	Status
WEIFANG RUIJIE GARMENTS CO LTD	XICUN INDUSTRIAL PARK	WEIFANG	China	Silver
Saadsaan apparels ltd.	Jamirdia	Maymnsingh	Bangladesh	Silver
Jinjiang Libixing Garment & Weaving Co. Ltd	Gaohu Industrial Zone	Jijaing	China	Silver
QIXIA JIAE GARMENT CO., LTD	Taocun	Yan Tai	China	Silver
HAIYANG WORLDBEST CO., LTD SWEATER FACTORY	No. 6, Yantai Street, Industrial Park Economic Development Area	Haiyang	China	Silver
Ningbo Hairun Garment Co., Ltd	Xiangshan He Road	Ningbo	China	Silver
GuangZhou YueChi Garment Co.,Ltd	No.139 Pacific Industrial Park,	ZengCheng,GuangZhou City,	China	Silver
NINGBO JIANGDONG SUNRIS HOUSEWARE CO LTD	NO.266QIANSHENGQIUBI	NINGBO	China	Silver
QUANZHOU GANGSHENG GARMENTS CO., ITD	NO. 520 Puxian Road Beifeng	Quanzhou	China	Silver
TM Fashions LTD.	JOBEDA TOWER	GAZIPUR SADAR	Bangladesh	Silver
JURONG YUYI GARMENTS CO. LTD.	Floor 1-3 Buiding 4 East side of Fuyuan Road (North of Zhongrong Metal) Economic Development Zone	Jurong	China	Silver
M.I.M Fashion Wear Ltd	226/1, Tilargati, Shingbari Road	Gazipur	Bangladesh	Silver
XIAMEN YANGLI GARMENT CO LTD	No. 152, Tong An Industrial Park, Tong An Dis.	XIAMEN	China	Silver
jiangshan chenxi garment co.,ltd	no 43 zhao zipeng part, jiangshan di villiage	jiangshan	China	Silver
Siam's Superior Ltd	Sector-1, Plot no. 6-8, CEPZ	Chittagong	Bangladesh	Silver
Henghua handbag co., Ltd	#7, Tongxin Street	Huadu, guangzhou	China	Silver
Knit Plus Ltd.	plot 2033, Mouchak kalialour, Gazipur	gazipur	Bangladesh	Silver
Norpknit Industries Ltd.	Opp. Nation university area	gazipur	Bangladesh	Silver
ZHUJI MENGLITE KNITTING CO.,LTD	Zhangjia Village	Zhuji	China	Silver
Wuxi Everbright International	Chun Hui Road	Huishan	China	Silver
Teamway	No. 80 Longxing Nan Road	Zhongshan	China	Silver
Experience Clothing Co. Ltd	Plot No-72 & 82, DEPZ, Savar	Dhaka	Bangladesh	Silver
Tianfeng Shuntong Garments. Co. Ltd	Mashenqiao of Jixian District.	Tianjin	China	Silver
CI XI SHI HAI XIN FU SHI CO.,LTD	MEILIN 299	CIXI	China	Silver
QINGDAO CHUANGXING ZHIYI CO.,LTD	XIAZHUANG	QINGDAO	China	Silver
BAIJIA (FUJIAN) UNDERWEAR CO.,LTD.	SHIFENG INDUSTRIAL AREA	JINJIANG	China	Silver
QIXIA JINGXI GARMENT FACTORY	TAOCUN	YANTAI	China	Silver
QINGZHOU NANYANG GARMENTS CO.,LTD.	NO.2279 YAWANG WEST ROAD	QINGZHOU	China	Silver
Noman fashion ltd.	Pagar	Gazipur	Bangladesh	Silver
Shenzhen KaShun Garment Co Ltd	Gongming Road, 49-51, Xinwei Road, 2/F, Blk B	Shenzhen	China	Silver
Huai an Shengyuan CLOTHING CO., LTD	No 16-18,Xian Road industry park	Huaian	China	Silver
Sweatertech Limited	Plot #898, 1351, Gacha Road	Dhaka	Bangladesh	Silver
FUZHOU DAVID CLOTHING MAKING CO. LTD.	3-4 Floor, No.41 BLDG., JUYUANZHOU INDUSTRIAL ZONE, NO.618 JINSHAN ROAD	FUZHOU	China	Silver
Wuhan Haixu knit fty	CaiJiaTian street	Wuhan	China	Silver
SHAOXING BIDE GARMENT CO.,LTD	Pingshui Town Loujia Village	Shaoxing	China	Silver
Cixi Hua Yan Gege Garment	building No.40,District B Textile City ,Cixi City	cixi city	China	Silver
Jiaxing Jianchang Knitting Woolen Clothes Co., Ltd	No. 139 Xincun Road	Jiaxing City	China	Silver
Jiangsu Hua Yi Groups	No. 88-1 Chang Jiang West Road	NanTong	China	Silver
Masihata Sweaters Ltd.	South Panishail, Kashimpur	Gazipur	Bangladesh	Silver
Meiyu	No. 4 Hai Xia Road,	Haiyang City,	China	Silver
JIANGXI DE.GAR INDUSTRIAL CORPORATION LIMITED	NO.666 OF 3RD BLOCK,DONGTAI ROAD, CHANGDONG INDUSTRIAL AREA	NANCHANG	China	Silver
SHANDONG ZAOZHUANG TIANLONG KNITTING CO.,LTD	No.14 Keda Road, Industrial Park	Zaozhuang	China	Silver
Textown Ltd.	Dewan Idris Road	Dhaka	Bangladesh	Silver
CIXI JANSON FASHIONS CO.LTD	7F, Building A, Heng Yuan Square,Bei San Huan Rd East,	Cixi	China	Silver
QUANZHOU YIHUI GARMENTS CO LTD	F-16 (B) WEST AREA,	QUANZHOU	China	Silver
INSUN GARMENT CO., LTD.	WEST ZAJIA RD.	LANGXI	China	Silver
rundo International Co. Ltd	DONGHUAN INDUSTRIAL ESTATE	JINJIANG	China	Silver
Lianyungang Liansheng clothing ltd	no 32 ,zhangzhuang, shuiquan, daliang lane	LIANYUNGANG	China	Silver
Ningbo Jinduo Garment Ltd.,	Yinxian Street	Ningbo	China	Silver

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Factory Name	Address	City	Country	Status
Tongyi knitting dress co.,Ltd. Jinjiang	MATOU STREET	JINJIANG CITY	China	Silver
NINGBO IDEAL APPAREL CO.,LTD	NO.2 XIYANGGANG INDUSTRIAL AREA	NINGBO	China	Silver
Liyang Zhong Fang Lian Knitwear Co., Ltd.	35 Jinwu Road	Liyang	China	Silver
SHAOXING YIYINGDA GARMENT CO., LTD	THE 2ND FLOOR, NO.73, DAMING ROAD,	SHAOXING	China	Silver
CHENGNAN STREET, YUECHENG	Haichang Road	Haiyang	China	Silver
DISTRICT	SHAOXING	China	China	Silver
Haiyang Meixing Textile Co Ltd	Haichang Road	Haiyang	China	Silver
ZHEJIANG JIMTEX INDUSTRIES CO.,LTD	KAIYUAN ROAD	SHAOXING	China	Silver
Shaoxing Yifan Garment Factory	NO.26 Xincheng Road	Shaoxing	China	Silver
KONGHONG GAREMNT CO LTD	East 2-3F, B14, Gongtou Liheng Centre, Fanhua west Road,	HEFEI	China	Silver
FUJIAN JIEF GARMENTS CO.,LTD.	JINGONG ROAD	FUZHOU	China	Silver
Qingxian Long Teng Garment Factory	Economic Development District,	Cangzhou City	China	Silver
jinhua cinray apparel co.,Ltd	NO.788 SHIFENG ROAD qiubin street	jinhua	China	Silver
JIANGSU JURONG HONGAN KNITWEAR CO., LTD.	ANTOU	JURONG	China	Silver
NINGBO TONGMING FASHION CO.,LTD	NO. 455, DING QIAO VILLAGE	Ningbo	China	Silver
Youngsjoy(Ningbo) garment co., Ltd	Taoyuan burg Industrial zone	Ningbo	China	Silver
huazhong	No. 1 bai hua rd	xiang shan	China	Bronze
Jeans Plus Ltd.	Sreepur Bus Stand, Ganak Bari	Dhaka	Bangladesh	Bronze
Shaoxing Jinxin Garments Co. Ltd	Fengle village Shangwang village	Shaoxing city	China	Bronze
JIAXING MENGDIU FASHION CO.,LTD	FUMIN SOUTH ROAD	JIAXING	China	Bronze
Jiangyin Yuhao Garment Co., Ltd.	No. 7 Huannan Road	Jiangyin	China	Bronze
Anhui Huiyuan Garments factory	107# Danxia Road	Hefei	China	Bronze
Anhui Zeqian Garment Group Co., Ltd.	East Area, Suncun Industrial Park	Wuhu city	China	Bronze
ZAOZHUANG BAOYUAN GARMENT CO LTD	SHIZHONG	ZAOZHUANG	China	Bronze
Manami Fashions Ltd	Kabirpur, Ashulia	Dhaka	Bangladesh	Bronze
Yunusco (BD) Ltd	Plot- 224-233, Adamzee EPZ, Siddirgonj	Narayangonj	Bangladesh	Bronze
Changzhou Gaorui Clothing Co.,Ltd	No.16 Hongshan Road	Changzhou	China	Bronze
Quanzhou Fengshuo Garment Co., Ltd.	Building D, Gaoshan Industrial Zone	Quanzhou Cit	China	Bronze
Wujiang Shangjiang Socks Co Ltd	No 1 Shichang Road	Zhenze Town Wujiang	China	Bronze
Yiwu Tingbang Leather Products Co.,Ltd	No 655,Qijiguang RD.	Yiwu	China	Bronze
Arabi Fashion Limited	Bokran, Monipur,	Gazipur	Bangladesh	Bronze
Changzhou Jiaheng Clothing Corporation Ltd	No 96 Xicheng Road	Changzhou	China	Bronze
Feixian Fantex Clothing Ltd	Shangye Industrial Park	Shandong	China	Bronze
Nanchang Ganrui Garment Co Ltd	No. 104 Ruida Textile Workshop	Nanchang City	China	Bronze
Nanchang Junhui Garment Co Ltd	Xiaofang Industrial Park	Nanchang	China	Bronze
RIZHAO WENJIE GARMENT MANUFACTURE CO LTD	TAIYUAN ROAD	RIZHAO	China	Bronze
Jiangxi Shangjia Industrial Co Ltd	No 899 Hujia Road	Nanchang	China	Bronze
Silver Composite Textile Mills Ltd (U-1, Garments)	BK Bari, Taltoli	Mirzapur	Bangladesh	Bronze
HATBASE INDUSTRIAL (NANJING) CO.,LTD	20 Le Yuan Road, Tao Wu Industrial Zone	Nanjing	China	Bronze
ZHANGJIAGANG KINGTOP FASHION CO.,LTD	dongnandadao	Zhangjiagang	China	Bronze
ZHONGSHAN YUEYANG LEATHER CO.,LTD	NO.3, FUXING INDUSTRY ROAD	ZHONGSHAN	China	Bronze
Tonglu Kairui Knitting Fty	No.189, Xihuang Road, Shengfeng Village	Tonglu	China	Bronze
YIWU DIYUAN APPAREL CO.,LTD.	NO.21,CHANG E ROAD	YIWU	China	Bronze
LAIYANG FUTRUE KNITTING CLOTHES CO., LTD.	No 569, Longmen West Road	Laiyang City	China	Bronze
Changzhou Xinhai Packing Co., Ltd	#1; 10th Huanbao Road, Huanbao Industrial Zone	Changzhou	China	Bronze
Guangzhou Tommy Garment Textile Co., Ltd	Floor 1&2, Build 1, No.139 Pacific Ocean Industrial District	Guangzhou City	China	Bronze
Fenghua Blossom Knitting Co., Ltd	Dongfeng Road 69#, East Suburb Development Area	Ningbo	China	Bronze
NINGBO YIXUN CLOTHING CO., LTD	Back WenJiangAn No.3 ShengJiao Village	Ningbo	China	Bronze
Zhuji Wells Garment Co.,Ltd	Yuanjia Village, Jiyang Subdistrict	Zhuji	China	Bronze
Yiwu Qinyang Textile & Knitting CO.,LTD	No.717 HUIMIN ROAD	YIWU	China	Bronze
Huaian Shengyuan Clothing Co., Ltd.	Huaihai West Road	Huaian	China	Bronze

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Factory Name	Address	City	Country	Status
NINGBO HUALIN	Shenjia village	Ningbo	China	Bronze
NINGBO HUAGUAN ART & CRAFTS CO.,LTD.	ZHENXIN WEST ROAD, ECONOMIC DEVELOPMENT SOUTH BLOCK	YUYAO	China	Bronze
QUANZHOU BOHAI HANDBAG&FINERY CO.,LTD	LAOBA INDUSTRIAL PARK,HUIDONG INDUSTRIAL DISTRICT DONGLING TOWN	QUANZHOU	China	Bronze
QINGDAO HUARUI BABY GARMENTS CO LTD	30 Meters South of the neighbourhood committee of West Qianhai	Qingdao	China	Bronze
ZHEJIANG YIHENG TEXTILE TECHNOLOGY CO LTD	shuangjin road	zhuji city	China	Bronze
ZHEJIANG HENGFENG TOP LEISURE CO.,LTD	NO. 68 Yongping Street, Moganshan Economical Developing Zone	Huzhou	China	Bronze
Shaoxing Hanbo Garments Co. Ltd	Gaobei Industrial Zone,	Shaoxing city	China	Bronze
FUJIAN JINJIANG HUAMEI KNITTING & CLOTHING CO	2 Donghuan Road, Dongshan Village	SHENHU TOWN, JINJIANG	China	Bronze
TG00181 - Repute Capital NTF	ChaShan	Dong Guan City	China	Bronze
JINJIANG JIAYUAN GARMENTS CO.,LTD	KENWEI INDUSTRIAL,YINGDUN VILLAGE	JINJIANG	China	Bronze
Starlight Sweaters Limited	Vogra, National University	Gazipur	Bangladesh	Bronze
SUNNY JET HOSIERY CO., LIMITED	NO.9 LONGQUAN ROAD	YANGZHOU	China	Bronze
JURONG CITY HENGDA KNITTING FACTORY	TUXI VILLAGE	JURONG	China	Bronze
ZHUJI JING XIN KNITTING & TEXTILES CO LTD	NO 419 YONGPINGDONG ROAD	ZHUJI	China	Bronze
YANGZHOU TOPSHOW OUTDOOR PRODUCTS	BLOCK C , JIANGWANG INDUSTRIAL PARK	YANGZHOU	China	Bronze
JIN JIANG SHENHU HONGREN KNITTING COSTUME CO LTD	THE WEST SIDE OF ROAD	JIN JIANG	China	Bronze
ZhujiCity Rongxing Knitting Co., Ltd.	No. 517 Longtan	Zhuji City	China	Bronze
WEIHAI SILAI GARMENT LTD	No.11,baoli road	weihai city	China	Bronze
Nanchang Dinghui Industrial co., LTD	No42.Houluo	Nanchang	China	Bronze
GuangZhou Bangqi Leather Co.Ltd	No 83%Xiangxing Road	Guangzhou	China	Bronze
FANG CHANG HUANG HU GARMENT MANUFACTUER	HUANGHU	WUHU	China	Bronze
Anxi Ashley Garments Manufacturing Co.,Ltd.	2F, No. 1st Sankui Bulding,Longqiao Economic Development Area	Quanzhou	China	Bronze
Xiamen Saint Sun Umbrella Co.,Ltd	2nd floor , 57th building ,siming park	Xiamen	China	Bronze
ZHEJIANG ZHIYIN TEXTILE TECHNOLOGY CO.,LTD	NO.8 jinsan road	YIWU	China	Bronze
QUANZHOU KINGSTAR GARMENTS CO.,LTD	CHONGYI STREET	QUANZHOU	China	Bronze
JURONG YUYI GARMENT CO.LTD.	Floor 1-3 Building 4 East side of Fuyuan Road(North of Zhongrong	JURONG	China	Pending
Shanghai YangYi Headwear co.,Ltd	No.1500 Jiang Yue Road	Shanghai	China	Pending
Ningbo Yinzhou Huize Clothing Co. Ltd.	Shangling road	Yinzhou	China	Pending

Most Popular The Warehouse “Own Brands” in 2017

Products bearing these brands were sourced from factories within scope of our Ethical Sourcing Programme in 2017

Accelor8	Cyclops	Living & Co	Road Rippers
Active Intent	Darn Tough	Lullaboo	Samson
Airwalk	Debut	Maison d’Or	Schooltex
Amco	Decor	Mako	Shotz
A’nD	Design House	Match	SK
Ane Si Dora	Deskwise	Maxistrike	Solano
Aqua Splash	Elemis	Maya	Starplast
Archer	Essentials	Milazo	Stefanplast
Arctic Flannel	Evantair	Multix	Stylo
Artwise	Eztec	Navigator South	Super Dream
Aura	Fur’life	Necessities Brand	Surf
Auto FX	Garage	Nice	Tech.Inc
B52	Gascraft	Nitro Circus	Tinsel Town
Baba	H&H	Onix	Tulip
Babywise	Habito	Paper Scissors Rock	Ultra Max
Back Country	Harrison & Lane	Party Inc	Urban Equip
Basics Brand	Havaianas	Petzone	Urban Shed
Basics Maternity	Intrepid	Pickaberry	Urban Solar
Beach Works	J Lili	Pinnacle	Veon
Blue Denim Co	Just Brand	Play Studio	Westminster
Colour Co.	Kate Madison	Princess Kits	Wonderland
Colour Pop	Kensington	Redondo	Work Tuff
Comfort	Kids’ Art & Craft	Reside	Young Original
Craftwise	Kids Caboodle	Rivet	



Courtesy of Elevate - Business driven Sustainability

WAGES & HOURS DATA

2016 - 2017

Country working Hours and Wages in 2017

Methodology

- Wages & hours data collected during Labour Compliance Assessments and based on a limited sample of the factories' workforce (includes The Warehouse factories).
- Transparent data kept only (factories falsifying excluded from pool).
- All measures extracted (as defined below) have been averaged.
- Top 25 countries of execution were retained, each of those has a sample of minimum 30 or more transparent assessments.
- Data is from assessments conducted in 2016 & 2017 (January 2016 till September 2017).
- Wages slide: countries have been sorted in descending orders based on the following measure: Monthly take-home (average).
- Hours slide: countries have been sorted in descending orders based on the following measure: Weekly hours (average).

WAGES DATA

Country	Hourly wage (legal) in USD	Avg. Monthly take-home (average) in USD
United States	8.9	2,241.1
Italy	8.5	1,700.3
Canada	9.0	1,642.3
Taiwan	2.8	985.8
Portugal	3.7	715.7
Poland	3.3	578.7
China	1.4	536.2
Brazil	1.6	482.6
Turkey	1.5	446.3
Guatemala	1.3	430.1
Malaysia	1.1	393.0
Romania	1.9	390.6
Peru	1.1	336.7
Thailand	1.1	313.0
Jordan	1.0	300.1
Mexico	0.5	273.6
Viet Nam	1.0	245.0
Cambodia	0.7	206.9
Indonesia	1.1	198.5
Philippines	0.9	183.4
Sri Lanka	0.4	160.6
Pakistan	0.6	160.3
India	0.5	135.8
Bangladesh	0.3	115.9
Myanmar	0.3	103.3

HOURS DATA

Country	Weekly hours (average)	Days without rest (average)
Bangladesh	70	10
China	65	13
Malaysia	62	8
Jordan	62	7
Sri Lanka	59	6
Thailand	58	7
Cambodia	57	7
Myanmar	57	6
Viet Nam	57	6
India	55	9
Philippines	54	8
Guatemala	53	6
Pakistan	53	6
Taiwan	51	6
Peru	51	6
Turkey	51	6
Mexico	50	6
Indonesia	49	6
Brazil	45	5
United States	43	5
Romania	42	5
Italy	41	5
Portugal	41	5
Poland	40	5
Canada	39	5



Next Steps.

In addition to maintaining our baseline due diligence and remediation processes our focus in 2018 will be on embedding and developing the new initiatives described this report. We will continue our journey of consolidating and developing more direct relationships with factories, strengthen our control over unauthorised subcontracting, and deepen our insight into modern slavery risks such as those associated with foreign migrant workers, and those at the origin of Cocoa and Cotton supply chains.

More Information:

<https://www.thewarehouse.co.nz/c/suppliers/ethical-sourcing>

<http://www.thewarehousegroup.co.nz/>

Feedback or Questions:

ethical.sourcing@thewarehouse.co.nz