

**THE
WAREHOUSE
GROUP**



The Warehouse
Group Limited

ETHICAL SOURCING POLICY

the**warehouse** //

nl noel leeming

ws warehouse
stationery

Torpedo7



THE WAREHOUSE GROUP ETHICAL SOURCING POLICY – FOR SUPPLIERS

This policy applies to all suppliers of goods and services to The Warehouse Group, (TWG), which includes the subsidiary companies The Warehouse, Noel Leeming Group, Warehouse Stationery, Torpedo7, and The Warehouse Group Wholesale.

The policy is a supplement to, not a substitute for, all local laws and regulations applying to suppliers in their country of origin. Suppliers regardless of their size or class of goods and services are expected to be aware of, and strive to adhere to, all laws and regulations governing their operations especially in regard to the employment of their workforce, health and safety, environmental protection, and the safety, quality, and legality of goods and services sold to companies within The Warehouse Group.

Suppliers are likewise expected to extend the expectations and responsibilities in this policy to their own supply chains – to their associate factories manufacturing for The Warehouse Group (where the supplier is not the manufacturer of merchandise); to subcontracting facilities conducting subsidiary (versus primary) manufacturing processes; to any labor contractors employed by the supplier or factory (where workers are not directly employed by the factory); and to the characteristics of raw materials and components.

For the purposes of this Policy a supplier is defined as the person or enterprise on which a TWG purchase order for goods or services is raised. The supplier may be an individual, an agent, local importer, a trading house, a factory, or a service provider.

Policies such as this are shared by most responsible retailers especially those with an international presence. Common to all is the baseline requirement to adhere to local law. In developing our supplementary policy we have relied heavily on open source best practice

guidance – in particular The Ethical Trading Initiative (ETI) Base Code¹, and the Global Social Compliance Programme (GSCP) Reference Code². Suppliers are encouraged to familiarize themselves with these resources.

In addition to this policy's applicability to all suppliers to The Warehouse Group there are additional verification requirements for those suppliers providing merchandise carrying a brand or "private label" owned by The Warehouse Group. These include the ongoing disclosure of the identity and location of all primary and secondary manufacturing sites associated with each purchase order, the qualification of these sites (in reference to this policy) as a pre-condition of order placement, and the acceptance of ongoing monitoring and continuous improvement as a condition of business³. Verification requirements may be extended beyond private label suppliers at the discretion of The Warehouse Group.

Conformance to this policy is a contractual obligation suppliers accept as part of our overall Terms of Trade⁴. Other resources and guidelines associated with the implementation of these requirements can be found online at our supplier web pages⁵.

ETHICAL SOURCING POLICY ELEMENTS

1. Management Systems
2. Child Labor
3. Voluntary Labor
4. Health and Safety
5. Wages and Benefits
6. Working Hours
7. Freedom of Association and Collective Bargaining
8. Environment
9. Subcontracting
10. Business Integrity

¹ <http://www.ethicaltrade.org/>

² <http://www.theconsumergoodsforum.com/download-gscp-reference-tools-reference-code>

³ <http://www.thewarehouse.co.nz/c/suppliers/ethical-sourcing>

⁴ <http://www.thewarehouse.co.nz/c/suppliers/terms-of-trade>

⁵ <http://www.thewarehouse.co.nz/c/suppliers/ethical-sourcing>



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MANAGEMENT SYSTEMS

- 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.

CHILD LABOR

- Child labor 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 ensuring the continuity of their education and welfare until they attain legal working age.

VOLUNTARY LABOR

- Employment is freely chosen

Prison labor is prohibited.

Bonded labor 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.

HEALTH AND SAFETY

- 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 is provided.

Suppliers shall provide all workers with sanitary toilet 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.



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There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

Women must be able to enter and remain in the workforce without mandatory pregnancy testing, and must have access to all their maternity leave entitlements under local law.

The Warehouse Group and its supplier partners will work actively towards the fulfilment of the United Nations Sustainable Development Goal to achieve gender equality and empower all women in their respective workforces.

A written grievance procedure and training should be established for workers that ensures confidentiality, freedom from reprisal and a pathway to resolution.

WAGES AND BENEFITS

– 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.

WORKING HOURS

– 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 correctly.

Workers shall be provided with at least one day off in every seven day period or two days off in every 14 day period.

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.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

– Freedom of Association or Collective bargaining are not restricted

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



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

ENVIRONMENT

– *Environmental 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 this disclosure to The Warehouse Group on request.

SUBCONTRACTING

– *Subcontracted production or processing is disclosed and authorized*

Facilities engaged by the supplier / 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 Warehouse Group.

BUSINESS INTEGRITY

– *No unethical or illegal conduct*

Suppliers shall not offer gifts or money to any 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 Warehouse Group solicits 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, or 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 supplier's 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 assessment undertaken with respect to their compliance with this policy in a cooperative and transparent manner.

POLICY CONFORMANCE

The Warehouse Group will monitor conformance to this policy especially for those suppliers supplying merchandise carrying a brand (private label) owned by TWG. We or our authorized representatives may visit factories at any time on an announced or unannounced basis for this purpose. No new private label factory can be established within the TWG purchase order system without first being qualified in relation to this policy via a desktop review or physical site audit.

More information on how to participate in this process can be found at⁶.

We recognize that complete conformance to all aspects of this policy may be challenging – especially for smaller

⁶ Ethical Sourcing Supplier Guidelines - English ; Ethical sourcing supplier guidelines mandarin.pdf



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factories in developing countries. However we expect the most critical elements of the policy to be in conformance for all suppliers and factories trading with TWG. Beyond these thresholds suppliers will be given the opportunity to demonstrate continuous improvement over time through the execution of any corrective action plans arising from site audits. TWG may hold training events from time to time to assist suppliers to understand and implement this policy in practice.

The Warehouse Group believes that everyone should benefit from trading with our Group. The intent of this policy and our wider Ethical Sourcing Program is to ensure that our merchandise is made in safe and healthy conditions, that workers are properly paid and their rights respected, that factories work to reduce their impact on the environment, and that our trading relationships occur within a context of transparency, trust, and integrity.

OUR RESPONSIBLE SOURCING COMMITMENT

The Warehouse Group recognises the reciprocal part we must play to ensure vendors can meet the expectations laid out in our Policies and Terms of Trade. Our sourcing practices and behaviours must not create externalities that jeopardise vendors' responsibilities to their workforce under local law and The Warehouse Group's Ethical Sourcing Policy.

The Warehouse has offices at source in India, Bangladesh and China to ensure we have close working relationships with all our supply partners.

Sourcing critical paths and production planning:

- We provide clear buy plans for all our continuity programs. These provide vendors the clarity needed to match their production capacity to our final inspection and shipping deadlines. These plans are delivered at an agreed interval before production commences.
- A critical path is shared with vendors with clear dates for production and shipping milestones. Our at source

merchandisers will collaborate closely with vendors to ensure these milestones are met including those dependent on The Warehouse Group inputs.

- The volume of business awarded will not exceed the vendor's disclosed capacity and capability.
- Critical path and milestone changes requested by The Warehouse Group after order confirmation, will not result in penalties to the vendor, who may make proportionate adjustments to the original critical path, especially if it were have negative impacts on working hours or access to rest days.
- Other order changes post order confirmation are likewise done by agreement with vendors.
- Vendors may move production to another The Warehouse Group approved factory if this is authorised by the merchandising team at source in advance.

For more information or to anonymously report any violations of this policy please contact ethical.sourcing@thewarehouse.co.nz
thewarehouse.co.nz/c/suppliers

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