

ETHICAL SOURCING CODE

FOR MERCHANDISE VENDORS & FACTORIES

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INTRODUCTION

At Best&Less, Australian families are at the heart of everything we do. We're a retailer that's committed to making our customers' shopping experiences the very best they can be for the whole family.

This means giving our customers the best value for money possible, the latest styles, a great range and real quality.

In today's global market Best & Less sources quality items both nationally and internationally.

The implementation of specific social and environmental compliance protocols in developing countries and emerging markets has become commonplace in recent years.

Such protocols have been initiated over concerns regarding poor working conditions and environmental degradation. These protocols have been established & implemented to ensure that the workforce engaged in the manufacture of consumer goods, directly or indirectly, by companies around the world are employed in accordance with humane, ethical and moral standards that avoid exploitation or abuse.

In order to address these concerns, Best&Less is introducing a revised Ethical Sourcing Code for 2013 to ensure that it:

- Sources all of its products in a conscientious and responsible manner,
- Works dutifully with its suppliers to monitor their social and environmental practices,
- Acts in partnership with its suppliers to improve poor social and environmental practices,
- Provides clear and comprehensive guidelines to its buying staff,
- Protects its corporate reputation, and
- Protects the reputation of its individual businesses and their brands.

THE BEST&LESS COMMITMENT

"Best&Less is dedicated to upholding fair working conditions, environmental protection and human rights in all of its business concerns around the globe."

In accordance with the expectations of our customers, the community, and the requirements of the law, we make every attempt to operate responsibly within the community at all times and we expect the same from our suppliers.

Maintaining a reputation for the highest moral, ethical and legal standards in our dealings with our customers and other key stakeholders is critical for the ongoing success of Best&Less.

This document has been developed in accordance with this operational directive in order to harmonise with these core values of integrity, responsibility and global sustainability.

It must be stressed that Best&Less is committed to working with our suppliers to share in our outlook and to help improve labour and environmental practices for a better world for today and into the future.

OUR EXPECTATIONS

Best&Less expects vendors and factories to use this Ethical Sourcing Code as a reference tool to help identify what workplace practices and working conditions are acceptable when doing business with our company, no matter where they operate in the world.

At a minimum, vendors and factories must always be familiar with and comply with all relevant laws and regulations. As a guide, Best&Less standards within this Code should be followed where there is no relevant law, or where our standard is stricter.

We recognise that full compliance with these criteria may take time for some suppliers, but in support of our goals we feel it is our duty to work with our suppliers to implement improvement plans and help them achieve compliance. It is important we work together to achieve this, with honesty, integrity and openness.

Our suppliers must commit to complying with the following requirements, many of which are drawn from the Ethical Trading Initiative (ETI) and International Labour Organisation (ILO) Conventions, as detailed in the Appendix section at the end of this Code. These requirements represent minimum standards based on the principles of the United Nations Universal Declaration of Human Rights.

Please note that the Best&Less Ethical Sourcing Code does not replace the local laws of each country where vendors and factories operate.

ETHICAL SOURCING CODE – STANDARDS

1. Labour and the Work Force

Best&Less only operates with suppliers that honour a duty of care with their work force, taking steps to ensure they employ fairly, ethically and in line with national laws and international guidelines. The goal is for suppliers to legally employ a healthy, motivated and productive workforce free of fear and abuse.

In support of this, Best&Less requires that suppliers do their utmost to train management teams on these requirements and operate in compliance with the standards. Policy documents outlining these should be made available to all staff. Reporting on policy compliance must be consistent, honest, open and transparent.

1.1. Child Labour

Child labour is work that deprives children of their childhood, their potential and their dignity and is harmful to their physical and mental development. Best&Less actively strives to ensure all children have a childhood free of harmful labour demands.

Best&Less supports ILO Convention 138 (1973 Minimum Age Convention) with regard to the appropriate age of workers and will not work with suppliers who use child labour.

- 1.1.1. Suppliers must employ workers in line with the minimum employment age limit defined by national law or by International Labour Organization (ILO) Convention 138 - whichever is higher. The ILO Convention 138 minimum employment age is the local mandatory schooling age, but not less than 15 years of age, subject to exceptions allowed by the ILO and national law.
- 1.1.2. Suppliers must comply with all applicable laws governing minimum working age:
 - 1.1.2.1. If set below 15 years of age, then no one under the age of 15 is permitted to work (subject to exceptions allowed by the ILO and national law).
 - 1.1.2.2. If set at 15 years of age, then no one under 15 is permitted to work.
 - 1.1.2.3. If set above 15 years of age, then no one under the age established by law may work on the factory floor.
- 1.1.3. Suppliers must be able to demonstrate establishment and proof of implementation of a written policy specifying the youngest age for hired workers to ensure compliance with the child labour provision as detailed above. All workers must be aware of this policy without exception.
- 1.1.4. Suppliers must comply with all legal restrictions placed on young/juvenile workers and should take every precaution to ensure that these workers are protected from conditions dangerous to their health, safety and / or welfare. This includes, but is not limited to:

- 1.1.4.1. The number of days worked to days of rest.
- 1.1.4.2. The number of overtime hours worked,
- 1.1.4.3. Hazardous and/or night shifts,
- 1.1.4.4. The implementation of medical examinations at least once per year.
- 1.1.5. Suppliers must maintain accurate and up-to-date documentation for juvenile workers, as required by law, including written permission from parents or guardians, registration, school completion certificates and doctor certificates, where applicable.
- 1.1.6. Suppliers must have a written Recruitment & Employment Policy which includes:
 - 1.1.6.1. Clear definitions of legal age limitations,
 - 1.1.6.2. Procedures in place to verify and record legal age documentation in the form of birth certificates, government identification cards and/or other official documents,
 - 1.1.6.3. Secure Personnel Files for all employees.
- 1.1.7. No children under the age of 15 are allowed into any operational areas or factory space, even if they are not working.

1.2. Employee Labour Rights

Best&Less only operates with suppliers whose employees work freely under their own volition, and are in no way forced, bonded or obligated to work against their will.

- 1.2.1 Employment is freely chosen by all employees.
- 1.2.2 There is no forced, bonded or involuntary prison labour.
- 1.2.3 Workers are not required to lodge monetary deposits or their identity papers with their employer and are free to leave their employer after reasonable notice without malice.

1.3. Respect of Freedom of Association and the right to Collective Bargaining

Best&Less supports the right of all workers to join or form trade unions in accordance with national laws, believing that employers and employees should work together amicably to resolve issues that affect the collective workforce.

- 1.3.1. Workers, without distinction, have the right to join or form trade unions / similar entities of their own choosing and to bargain collectively without malice.
- 1.3.2. The employer adopts an open attitude towards the activities of trade unions and their organisational activities, working together to amicably address and solve issues.

- 1.3.3. Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 1.3.4. Where the right to freedom of association and collective bargaining is restricted under Law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

1.4. Living Wages

Best&Less supports the right of all workers to join or form trade unions in accordance with national laws, believing that employers and employees should work together amicably to resolve issues that affect the collective workforce.

- 1.4.1. Wages and benefits paid for a standard working week shall meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income for the employee.
- 1.4.2. All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment.
- 1.4.3. All workers shall be provided with written and understandable information about the particulars and details of their wages for the pay period concerned, each time that they are paid.
- 1.4.4. Deductions from wages as a disciplinary measure or any deductions from wages not provided for by Law shall not occur without the expressed permission of the worker concerned. In any event, information on potential wage deductions in relation to substandard work shall be made clear to all workers before the event.
- 1.4.5. All disciplinary measures shall be recorded in a manner that explains what the disciplinary measure was for, any and all actions taken to help prevent disciplinary action in the future; for example re-training; and the disciplinary measure administered.

1.5. Working Hours

Best&Less firmly believes that employees only work those hours that ensure a safe and healthy working environment and adequate rest or leisure time between shifts. Extra working hours that diminish this shall be voluntary and compensated accordingly.

- 1.5.1. Working hours comply with any Law and benchmark industry standards, whichever affords greater protection.
- 1.5.2. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven (7) day period, on average.

- 1.5.3. Overtime shall be voluntary, shall not be excessive, shall not be demanded on a regular basis and shall always be compensated at a rate no less than specified by relevant local laws.

1.6. Regularity of Employment

Best&Less is committed to working with suppliers that demonstrate the desire to cater for a workforce that is legally employed within a controlled, supportive and safe framework. The use of sub-contracting and home workers has been demonstrated to circumvent this duty of care, and shall not form part of work contracting unless necessary and controlled.

- 1.6.1. To every extent possible, work performed must be on the basis of a recognised employment relationship established through national law and practice.
- 1.6.2. Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.
- 1.6.3. Accordingly, there shall be no sub-contracting unless previously agreed in writing with Best&Less.
- 1.6.4. Suppliers must have adequate processes in place for properly managing sub-contracting and home working to ensure sub-contractors do not abuse, exploit or provide unsafe working conditions for their employees.

1.7. Harsh or Inhumane Treatment

Best & Less is dedicated to working with suppliers that do not use or tolerate harsh or inhumane treatment on their employees. Senior management in all suppliers shall foster a culture and code of conduct where abuse is not tolerated, and where issues can be resolved between all parties amicably.

- 1.7.1. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.
- 1.7.2. A reporting process shall exist whereby employees can report incidents of physical or sexual abuse or discipline, bullying or intimidation to senior management.
- 1.7.3. An investigation and resolution process shall exist where senior management fairly investigate and record all incidents of physical or sexual abuse or discipline, bullying or intimidation.

1.8. Discrimination

Best&Less supports all national and international discrimination laws and guidelines. It will not work with suppliers that treat people differently because of certain characteristics, such as race, colour or gender, which results in the impairment of equality of opportunity and treatment.

- 1.8.1. There shall be no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, pregnancy, sexual orientation, union membership or political affiliation.
- 1.8.2. In addition, Best&Less shall actively support all national anti-discrimination Laws.

1.9. Entitlement to Work and Immigration

Best&Less is dedicated to ensuring that the employees of all suppliers have a legal right to work, and whose eligibility for this has been ascertained by the checking and recording of appropriate documentation.

- 1.9.1. Only workers with a legal right to work shall be employed or used by the supplier.
- 1.9.2. All workers, including employment agency staff must be validated by the supplier for their legal right to work by reviewing original documentation.
- 1.9.3. The supplier shall implement processes to enable adequate control over agencies with regards to the above points and related legislation.

1.10. Working Conditions

Best&Less shall only work with suppliers that put the safety and security of their workforce as a sincere, primary concern. Systems must be in place to ensure this, and regular checking and recording of safety to clear standards shall be undertaken and recorded. A procedure for complaint reporting and resolution in regards to working conditions shall also be in place.

- 1.10.1. A safe and hygienic working environment shall be provided for all workers, bearing in mind the prevailing knowledge of the industry and of any specific hazards.
- 1.10.2. Adequate steps shall be taken to prevent accidents and injury to health in the working environment.
- 1.10.3. Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 1.10.4. Access to clean toilet facilities with suitable privacy and to clean and drinkable water and, if appropriate, sanitary facilities for food storage shall be provided.
- 1.10.5. Accommodation, where provided, shall be clean, safe, and meet the basic needs of

the workers.

- 1.10.6. Suppliers will ensure that personal protective equipment is available where applicable; workers are trained in its use and are required to use PPE relevant to their duties. Safeguards on machinery must meet or exceed local laws.
- 1.10.7. Suppliers shall assign responsibility for health and safety to a senior management representative who shall work in accordance with an active, written OH&S policy.
- 1.10.8. Supplier facilities will be maintained in a manner that allows all people on site suitable emergency exit opportunities should the necessity for emergency exit to take place.

1.11. Prevailing Civil Influences

Best&Less shall only work with suppliers that are mindful of prevailing civil conditions and how these may potentially affect their workforce.

- 1.11.1. Suppliers will remain mindful of prevailing local conditions (i.e. civil unrest, rioting) and ensure that workers' safety is maintained.

2. Environmental Standards

Best&Less believes that we all should take full responsibility to protect the earth that we call home, and each and every one of us should respect that and do all we can to avoid waste, pollution or poisoning of the environment that we share.

All suppliers to Best&Less shall ensure their facilities meet all relevant local and national environmental protection laws, and should do their utmost to comply with international environment protection standards.

2.1. Environmental Compliance

- 2.1.1. All supplier facilities shall comply with all national and local environmental Laws and regulations.
- 2.1.2. All supplier facilities shall possess appropriate, up-to-date certification for environmental compliance in line with local and national laws.
- 2.1.3. All supplier facilities shall dispose of all production waste in accordance with local environmental laws and regulations.
- 2.1.4. All supplier facilities must have identified and documented their key environmental impact.
- 2.1.5. All supplier facilities shall implement controls to minimise their impact on the environment with respect to solid waste disposal, hazardous chemicals storage and management, air pollution and water emissions.

- 2.1.6. All supplier facilities should have evidence to demonstrate a year-on-year improvement on environmental impact in the areas of solid waste disposal, hazardous chemicals storage and management, air pollution and water emissions

3. Business Integrity

Best&Less believes that honesty, fairness and integrity must be exercised by all parties in order for business dealings to be professional and robust.

Of key concern are dealings with unlawful or improper payments, bribes, benefits or favours, and Best&Less will not do business with suppliers that have involvement with these unprofessional business practices, whether business-to-business or with their own workforce.

3.1. Bribery and Corruption

- 3.1.1. Suppliers shall at all times carry out business dealings with a high degree of ethics, honesty and fairness.
- 3.1.2. Suppliers shall not engage in acts of bribery and corruption.
- 3.1.3. Suppliers shall not falsify documents and records.
- 3.1.4. All supplier facilities shall have a written policy on ethical standards/business integrity that does not permit bribes, special favours, benefits or other similar unlawful behaviour. All staff must be aware of this policy.
- 3.1.5. All supplier facilities shall have records of training conducted on their stance on bribery and corruption.
- 3.1.6. Offering compensation of any value (gifts, discounts, services, loans, payments) to any Best&Less or affiliate worker, service provider or government/political official to influence any act or decision to secure a business advantage is strictly prohibited.

4. Management Policies and Procedures

Best&Less shall only work with suppliers that have an established management system that undergoes regular review and revision of policies and procedures that comprises the ethical running of a business with a scope related to the content of this Code.

Suppliers shall implement a management system for all its facilities providing materials or labour in the manufacture of goods ordered by Best&Less.

The management system shall be designed to ensure (a) compliance with applicable laws and regulations; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code.

It should also facilitate continual improvement that may be verified with supporting evidence.

4.1. Management Policies and Procedures

- 4.1.1. Policies and procedures are in place to ensure all supplier facilities (and any subcontractors employed) are aware of and comply with applicable laws, regulations and, where stricter, the Best&Less Ethical Sourcing Code.
- 4.1.2. A management representative is appointed to implement the supplier's policies, procedures and improvement objectives.
- 4.1.3. The supplier has an implemented communication/grievance system, and workers are aware of and knowledgeable on how to use the system.
- 4.1.4. Issues are reviewed regularly, responded to with a sense of urgency, and properly filed to demonstrate compliance.
- 4.1.5. The supplier conducts internal audits on a regular basis to ensure conformity to legal and regulatory requirements and the content of this Ethical Sourcing Code.
- 4.1.6. All employees (managers, supervisors, support staff and workers) are trained on the supplier's Code of Conduct and/or the Best&Less Ethical Sourcing Code. This training is embedded in the orientation process and employees made aware of its importance to the business. Written records shall be retained as evidence of this training having been conducted.

5. Compliance with the Law

Best&Less requires all vendors and factories to comply fully with the legal requirements of the countries in which they operate. All requirements in this Code are in addition to compliance with applicable local laws.

5.1. Supplier Factories, Laws and Regulations

- 5.1.1. At a minimum, suppliers' factories must comply with local laws and regulations of the country of manufacture.
- 5.1.2. Business licenses and other documents shall be in order and up-to-date.
- 5.1.3. Suppliers have written procedures established and implemented with a designated, responsible management representative that is trained and empowered to ensure awareness of and understanding of any changes that are made to relevant local labour laws (e.g., changes to local minimum wage).
- 5.1.4. The designated responsible management representative communicates these changes and implications to all workers and works with all supplier staff to ensure the necessary changes are made in a timely manner to ensure compliance with the law.
- 5.1.5. Suppliers must provide a written labour contract to each worker which stipulates the wage and compensation awards as legislated in the country.

- 5.1.6. Labour contracts, where applicable, are written in compliance with the law and signed by workers. Workers must receive a copy in their native language. The original contract is kept on file.

APPENDIX

A.1 Compliance with the Code

Best&Less expects its suppliers to comply with all aspects of this Ethical Sourcing Code, and will be extending its coverage of audited facilities and compliance monitoring processes to include these standards.

In accordance with this strict policy, we and/or our representatives may from time-to-time visit supplier facilities in order to check compliance with this Code. Any and all instances of violation of the Code will be documented, reported upon and investigated in order for a clear picture of the issues to be ascertained. Follow-up and corrective action shall be required, and suppliers are expected to cooperate professionally with the entire process.

Best&Less is committed to working closely in partnership with its suppliers to help achieve compliance with this Policy.

In the event where any supplier is unwilling or unable to demonstrate continuous improvement towards full compliance with our standards, Best&Less reserves the right to terminate the trading agreement between Best&Less and the supplier.

In support of the Best&Less Ethical Sourcing Code, we expect suppliers and their facilities to:

- Have reviewed the Best&Less Ethical Sourcing Code and supporting documents.
- Have clearly understood the company's expectations and the associated procedures, clarifying any and all areas that are deemed unclear.
- Agree by signatory conformity to the Ethical Sourcing Code that they and their facilities may at any time be selected for an audit.
- Be available, transparent and cooperative with Best&Less representatives during an audit.
- Agree to undertake any and all corrective actions to the best of their ability for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

A.2 The Ethical Trading Initiative



<http://www.ethicaltrade.org>

(From their website):

“The Ethical Trading Initiative (ETI) is a ground-breaking alliance of companies, trade unions and voluntary organisations. We work in partnership to improve the lives of poor and vulnerable workers across the globe who make or grow consumer goods - everything from tea to T-shirts, from flowers to footballs.

Ethical trade means that retailers, brands and their suppliers take responsibility for improving the working conditions of the people who make the products they sell. Most of these workers are employed by supplier companies around the world, many of them based in poor countries where laws designed to protect workers' rights are inadequate or not enforced.

Companies with a commitment to ethical trade adopt a code of labour practice that they expect all their suppliers to work towards. Such codes address issues like wages, hours of work, health and safety and the right to join free trade unions.”

A.3 International Labour Organisation Conventions



<http://www.ilo.org>

(From their website):

“The International Labour Organization (ILO) is devoted to promoting social justice and internationally recognized human and labour rights, pursuing its founding mission that labour peace is essential to prosperity.

Today, the ILO helps advance the creation of decent work and the economic and working conditions that give working people and business people a stake in lasting peace, prosperity and progress.

Its tripartite structure provides a unique platform for promoting decent work for all women and men.

Its main aims are to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialogue on work-related issues.”

A.4 Commitment to comply with the Best&Less Ethical Sourcing Code

I hereby acknowledge receipt of and undertake to implement the Best&Less Ethical Sourcing Code. Compliance to this Code is an obligation of being a vendor / supplier to Best and Less Pty Ltd.

| | | |
|---------------------------------|--|----------------------------------|
| Supplier Company Name: | | Apply company chop in this field |
| Managing Director Signature: | | |
| Managing Director Name (print): | | |
| Date: | | |

Please sign this document to confirm your commitment to comply with the Best&Less *Ethical Sourcing Code* and return to:

Rosita Van Vuuren – rosita.vanvuuren@bestandless.com.au