

## Ethical Sourcing – Supplier Guidelines.

In common with most international brands and publicly listed companies The Warehouse requires that suppliers ensure that their products are manufactured in:

- Safe and healthy conditions
- By workers who are properly paid and whose rights are respected
- In factories which work to reduce their impact on the environment.

The Warehouse recognises that in many countries governments lack the resources to ensure these standards are met in all factories at all times. Our Ethical Sourcing programme is intended to provide additional oversight and support for these standards where government oversight or local industry practises are not sufficient in themselves to ensure adequate protection for workers and the environment.

The key components of The Warehouse Ethical Sourcing programme are:

### **The Warehouse Supplier Prequalification Policy**

*All new private label suppliers and their factories must demonstrate that they meet our quality and ethical standards before orders are placed.*

### **The Warehouse Supplier Workplace Standards Policy**

*Our policy document which explains our core standards and supplier obligations – applicable to all suppliers. An important feature of our standard is a flexible approach to working hours which takes accounts of industrial norms within the export sector of most developing economies.*

### **Factory Registration**

*All suppliers selling us products carrying a private label owed by The Warehouse must disclose and register their source factories with us.*

### **Audit waiver applications**

*New and existing supplier factories may apply for an audit waiver at any time. In this case suppliers submit an existing labour standards report as evidence that the factory meets our labour and environmental standards – we may recognise this report and waive our own audit requirements.*

### **Factory Assessments or Audits**

*If the supplier does not apply for an audit waiver, or if the waiver application is unsuccessful, The Warehouse may require the factory to undergo a labour assessment or audit. Audits are carried out by specialist service providers trained and authorised by The Warehouse. Normally the factory would receive at least two weeks' notice of the assessment although in rare cases we may conduct the assessment unannounced.*

*Our auditor will send the factory a list of documents that must be made available at the time of the audit. These documents include the factories operating permit, payroll and personnel files, and the factories employment policies, documents concerning worker health and safety, and machinery maintenance.*

*The assessment process normally takes one working day and includes management meetings, document reviews, factory and dormitory inspection, and worker interviews. The auditor's findings will be discussed with management at a closing meeting along with any corrective actions we recommend the factory make to enable it to meet our standards.*

*Audit transparency – open and honest verbal and documented disclosure - is a critical component of the audit process. There is zero tolerance for document falsification or verbal misrepresentation. Conversely, factories that cooperate openly with the audit will be given time to make any improvements identified during the audit.*

*The costs of the factory assessment will be charged back to the supplier or, in the case of foreign suppliers, deducted from any payments due to the supplier at a later date.*

### **Corrective Action Plans**

*In many cases, especially for initial assessments, factories will have some corrective actions they are required to execute in order to meet our standards. These may vary from relatively minor health and safety improvements to more significant changes to the ways factories manage working hours and remuneration. A follow up assessment is required to review the factory's implementation of agreed corrective actions.*

### **Factory Development Workshop**

*From time to time we hold training workshops to assist factories who lack the knowledge and management structures necessary to meet our minimum workplace standards requirements.*