

Policy No: PRO-PO-001
 Process Area: Procurement & Subcontractor Management

1 PURPOSE & SCOPE

This policy is in place to ensure that goods purchased are manufactured and provided in a responsible way. Ethical Sourcing gives due regard to worker welfare, health and safety and environmental impact.

This policy is in place to ensure that City Holdings (Aus) Pty Ltd (“City”) team members and suppliers:

- source products in an ethical and responsible manner;
- have clear guidelines on what it means to source ethically;
- collaborate closely to improve working conditions and environmental impacts within City’s supply chain; and
- are proactive in protecting corporate and brand reputation.

2 POLICY

City will implement the process and requirements detailed in the Ethical Sourcing Supplier Requirements document for key suppliers of City that supply goods from High Risk countries.

3 DEFINITIONS & ABBREVIATIONS

Definition/Abbreviation	Explanation
High Risk countries	Countries where the supplier operates and the country is not a member of the Organisation for Economic Co-operation and Development.
OECD	Organisation for Economic Co-operation and Development.

4 DOCUMENT CONTROL

Approval

	Title	Name	Signature	Date
Administrator	National Procurement Manager	Jim Kokkinias		12/08/16
Approver	National Procurement Manager	Jim Kokkinias		12/08/16

Version History

The following table lists the changes made to this Policy:

Version	Date	Amended By	Brief Summary of Changes
1	12/8/16	Jim Kokkinias	New document.

5 APPENDIX A: Ethical Sourcing Supplier Requirements

5.1 Supplier Requirements

In the event that key suppliers are unable to demonstrate a commitment to City’s Ethical Sourcing Policy, City reserves the right to terminate the supply arrangement.

The elements of Ethical Sourcing Supplier Requirements are categorised as either Zero Tolerance, Critical or Significant.

Suppliers must comply with the legal requirements of the countries they operate in addition to all elements of this Ethical Sourcing Policy.

5.2 Categories

5.2.1 Zero Tolerance items

Forced/Bonded Labour	<ul style="list-style-type: none"> Suppliers shall not use forced, bonded or involuntary labour. Employment shall be freely chosen. Workers will not be required to lodge deposits or identity papers with suppliers. Workers shall be free to leave their employment after reasonable notice has been given.
Child Labour	<ul style="list-style-type: none"> Suppliers shall not use child labour. “Child Labour” is defined as work that deprives children of their childhood, the opportunity to attend school and fulfil their potential and that is harmful to their physical and mental development. Suppliers must be able to verify the age of all employees to ensure no Child Labour is used. A “Child” is defined as an individual who is younger than the local legal age for completion of compulsory education.
Illegal Labour	<ul style="list-style-type: none"> Suppliers shall not use illegal labour. Suppliers must be able to verify the legal entitlement of their employees to work in the country of employment.

5.2.2. Critical items

Wages and Benefits	<ul style="list-style-type: none"> Wages and benefits paid for a standard week must meet as a minimum national or industry standards, whichever is the higher. All workers must be provided with written and understandable information about their employment conditions in respect to wages, before they enter employment, and about the particulars of their wages for the pay period concerned each time that are paid. Deductions from wages for disciplinary measure are not permitted. All disciplinary measures shall be recorded.
Working Hours	<ul style="list-style-type: none"> Working Hours must comply with the applicable local laws or industry standards, whichever affords greater protections. Workers must not work above the maximum hours per week stipulated by local laws. Overtime shall be voluntary and compensated as prescribed by local laws.

5.2.3 Significant Items

Freedom of Association	<ul style="list-style-type: none"> Suppliers acknowledge that workers and contractors have the right to join, or not to join, a union. This is called freedom of association. Workers cannot be pressured by a union or by their employer to make a decision about joining, not joining, or leaving a union. The freedom of association also extends to employers, allowing them to choose whether or not to join an employer association.
Working Conditions	<ul style="list-style-type: none"> Plant and systems of work are safe and without risk to health will be provided. Suppliers will provide workers with a safe and clean working environment taking into consideration the prevailing knowledge of the industry and of any specific hazards. Workers shall receive adequate, recorded training to perform their jobs in a safe manner. Personal protective equipment shall be supplied and workers trained in its use. Safeguards on machinery must meet or exceed local laws. Where suppliers provide worker accommodation, it shall be clean, safe and meet the basic needs of workers. Workers will have access to clean toilet facilities, clean drinking water and where appropriate sanitary facilities for food storage and preparation.
Discrimination	<ul style="list-style-type: none"> 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.
Regular Employment	<ul style="list-style-type: none"> To every extent possible, worked performed must be on the basis of recognised employment relationship established through national law and practice. Employees who have a regular employment relationship with their employer are afforded a number of obligations from their employer relating to labour and social security laws and regulations. These obligations shall not be avoided through the use of labour-only contracting, sub-contracting, home-working arrangements, fixed term contracts or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment.
Harsh or Inhumane Treatment	<ul style="list-style-type: none"> Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.
Business Integrity	<ul style="list-style-type: none"> Suppliers shall engage professional business ethics in all dealings. Suppliers shall not engage in bribery or corruption and provide transparent documentation and records.
Sub-Contracting	<ul style="list-style-type: none"> Suppliers shall ensure that all sub-contractors and suppliers providing material or labour in the manufacture of goods for City have an ethical sourcing programme which aligns to this Policy.
Environment	<ul style="list-style-type: none"> Suppliers must comply with local and national environmental laws and regulations. Suppliers shall strive to comply with international standards on environmental protection.

5.3 Policy in Practice

5.3.1 High Risk Countries

For suppliers that supply goods from High Risk countries, the suppliers are required to adhere to the requirements detailed in this Appendix A: Ethical Sourcing Supplier Requirements.

City will seek information regarding from the suppliers indicating whether each supplier adheres to the requirements detailed in this Appendix A: Ethical Sourcing Supplier Requirements. City will then determine whether a supplier is Approved, Conditionally Approved or Not Approved.

5.3.2 Approved

A supplier is approved by City if it meets the requirements for each of Zero Tolerance; Critical; and Significant items as detailed in this Appendix A: Ethical Sourcing Supplier Requirements.

Approval status is granted for a two-year period.

5.3.3 Conditionally Approved

A supplier is granted Conditional Approval if it has failed to meet all of the requirements detailed in this Appendix A: Ethical Sourcing Supplier Requirements, provided that none of these breaches include any elements listed under Zero Tolerance section of this Appendix.

Where Conditional Approval is granted, the supplier must provide a corrective action plan that is agreed to by City. The corrective action plan must be communicated to City within 30 days of receiving the request from City.

A follow-up review by City is required within 3 months if the breaches have occurred under the Critical section of this Appendix A: Ethical Sourcing Supplier Requirements. Otherwise a follow-up review by City is required within 12 months.

5.3.4 Conditionally Approved

A supplier is Not Approved if it breaches any of element listed under the Zero Tolerance section of this Appendix A: Ethical Sourcing Supplier Requirements.

The supplier must provide a corrective action plan that is agreed to by City.

The corrective action plan must be communicated to City within 14 days of receiving the request from City and a follow up review is required within 30 days.

6 APPENDIX 1: Checklist for Evaluating Suppliers

Section	Category	Breach (Note 1)	Comments
Forced/Bonded Labour	Zero Tolerance	Mandatory	
Child Labour	Zero Tolerance	Mandatory	
Illegal Labour	Zero Tolerance	Mandatory	
Wages and Benefits	Critical		
Working Hours	Critical		
Freedom of Association	Significant		
Working Conditions	Significant		
Discrimination	Significant		
Regular Employment	Significant		
Harsh or Inhumane Treatment	Significant		
Business Integrity	Significant		
Sub-Contracting	Significant		
Environment	Significant		

Note 1: Breaches for non-mandatory sections are classified as either Major, Significant or Minor.