

Policy No: PRO-PO-001

Process Area: Procurement & Subcontractor Management

1 Purpose

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

- Source products and services in an ethical and responsible manner
- Have clear guidelines on what it means to source ethically considering factors such as:
 - Human Rights
 - Labour Rights
 - Health and Safety
 - Environmental Impacts
 - Social Impacts
 - Business Ethics
- Collaborate closely to improve working conditions and environmental impacts within City’s supply chain
- Are proactive in protecting corporate and brand reputation

2 Scope

All goods and services sourced by City Holdings (Aus) Pty Ltd and its subsidiaries.

3 Responsibilities

The General Manager Procurement has overall responsibility for ensuring City’s Ethical Sourcing Policy (“the Policy”) is effectively implemented for City’s supply chain.

4 Policy

4.1 Ethical Sourcing Supplier Requirements

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

The implementation of this Policy is supported by the Sub-contractor Ethical Sourcing Assurance Framework Manual (Pro-MN-001).

The elements of City’s Ethical Sourcing Supplier Requirements are included in Section 4.2.

All suppliers must fully comply with all local laws and regulations regarding labour, health, safety and the environment. Suppliers must also fully comply with the legal requirements of the countries in which they operate in addition to all elements of this Ethical Sourcing Policy.

If local laws, regulations or legal requirements differ from the elements in our Policy or Requirements, suppliers are expected to comply with whichever affords the greater protection to workers.

4.2 Ethical Sourcing Standards

Modern Slavery Laws	<ul style="list-style-type: none"> ▪ Suppliers must comply with all modern slavery laws and regulations relevant to their jurisdiction. ▪ Suppliers must have appropriate controls in place to avoid modern slavery practices in their operations and supply chains and must not knowingly deal with third parties who engage in modern slavery practices. ▪ All suppliers must have and maintain in place adequate policies and procedures in relation to business ethics and compliance to ensure compliance with modern slavery laws and to enforce all relevant policies and procedures where appropriate. This includes policies for reporting, investigating and remediating suspected or known breaches of modern slavery laws.
Forced/Bonded Labour	<ul style="list-style-type: none"> ▪ Suppliers must not use any form of servitude, forced, bonded, involuntary prison, indentured, trafficked, or involuntary labour. ▪ Employment must be freely chosen. ▪ Workers must be given freedom of movement. Workers must not be required to lodge deposits or identity papers with suppliers. ▪ Workers must be free to leave their employment after reasonable notice has been given. ▪ Suppliers must take steps to recruit responsibly. This includes not engaging in deceptive recruiting practices, including the charging of fees or recruitment charges (or repaying any such fees charged), by providing migrant workers an understandable and accurate employment contract in their spoken language, and by holding agents and recruiters to the same standards.
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. ▪ In the event that child labour is identified, suppliers shall prioritise the welfare of the child, and ensure that a remediation plan placing the child’s welfare as paramount will be put in place with plans to prevent re-occurrence.
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.
Wages and Benefits	<ul style="list-style-type: none"> ▪ Wages and benefits paid for a standard working week must, as a minimum meet national or industry standards, whichever is the higher. Collective agreements with over 12 months of expiration are not acceptable, regardless of their legal validity. In any event, wages should always be enough to meet basic needs and to provide some discretionary income for workers and their families and/or dependents. ▪ All workers must be provided with written, accessible, and understandable information about their employment conditions in respect to wages, before they

	<p>enter employment, and about the particulars of their wages for the pay period concerned each time they are paid.</p> <ul style="list-style-type: none"> ▪ Deductions from wages may only occur with the express written permission of the worker concerned and where permitted by law. ▪ Deductions from wages for disciplinary measures are not permitted. ▪ Accurate and complete records of wages and benefits paid to each worker must be maintained.
Working Hours	<ul style="list-style-type: none"> ▪ Including any overtime, workers must not work above the maximum hours per week or per month as stipulated by local laws, or where local laws do not exist, a total of 60 hours per week. Exceptions may be considered, if: <ul style="list-style-type: none"> - permitted by national law or Collective Bargaining Agreement (CBA) - appropriate safety measures are implemented to protect workers; or - suppliers can demonstrate and prove exceptional circumstances (e.g. unanticipated and unavoidable production peaks, accidents, or emergencies). ▪ Workers must have at least one day off in 7 days or two days off in every 14 days or such breaks as stipulated in local laws or Agreements. ▪ Workers must be provided with legally required breaks during their working day. ▪ Overtime must be voluntary and compensated as prescribed by local laws ▪ Accurate and complete records of hours worked by each worker must be maintained.
Freedom of Association	<ul style="list-style-type: none"> ▪ Suppliers acknowledge that workers have a right to freedom of association and to bargain collectively. ▪ Workers have a right to join or form trade unions of their choosing. Suppliers must not prevent or disrupt the activities of trade unions and their organisation activities. No workers shall be subjected to harassment, intimidation, or retaliation for exercising their right to freedom of association and collective bargaining. Workers’ representatives should have access to carry out their representative functions in the workplace. ▪ Where the right to freedom of association and collective bargaining are restricted under local laws, suppliers will not hinder the development of alternative means of independent and free association and bargaining.
Safe Working Conditions	<ul style="list-style-type: none"> ▪ Suppliers will provide plant and systems of work that are safe and without risk to health. ▪ 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 be provided adequate training to perform their jobs in a safe manner, and training shall be recorded. ▪ Where required to perform their duties, personal protective equipment must be supplied to workers by the suppliers, and workers shall be trained in its use. ▪ Safeguards on machinery must meet or exceed local laws. ▪ Where suppliers provide worker accommodation, it must be clean, safe and at a minimum, meet the basic needs of workers. ▪ Workers shall have access to clean toilet facilities, clean drinking water and where appropriate sanitary facilities for food storage and preparation.

	<ul style="list-style-type: none"> Suppliers shall assign responsibility for health and safety to a senior management representative. Suppliers shall ensure that all health and safety procedures comply with applicable national and local laws. It is preferable that suppliers operate under a management system that is compliant with the ISO45001 Standard for Occupational Health & Safety Management Systems.
Discrimination	<ul style="list-style-type: none"> Suppliers must ensure there is no discrimination in hiring, compensation, access to training, promotion, termination, or retirement based on race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status such as disability, age, marital and family status, sexual orientation and gender identity, health status, place of residence, economic and social situation. Other attributes may be stipulated in local or national laws. Responsibility should be allocated to ensure women’s health and rights are considered and appropriate actions are taken by management to address concerns or issues when they arise.
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 must engage professional business ethics in all dealings, and not act in any manner which, by association, may bring City into disrepute. Bribes, kick-backs, favours, benefits or other similar unlawful or improper payments, in cash or in kind, are strictly prohibited, whether given to obtain business or otherwise.
Sub-Contracting and Labour Hire	<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 program which aligns to this Policy. Suppliers must have adequate policies and processes in place for properly managing subcontracting, to ensure that sub-contractors operate in accordance with applicable laws, regulations and the City Ethical Sourcing Policy. Where requested to do so, City direct supplies must ensure that sub-contracted and indirect supplier sites undertake the relevant activities required by the City Ethical Sourcing Program.
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.

	<ul style="list-style-type: none"> ▪ Supplier must manage their natural resource consumption, waste, wastewater, pollutants and adverse impacts on their local community responsibly and seek to improve their environmental performance. ▪ It is preferable that suppliers operate under a management system that is compliant with the ISO14001 Standard for Environmental Management Systems.
<p>Grievance Mechanisms and Remediation</p>	<ul style="list-style-type: none"> ▪ Suppliers are to provide appropriate channels for worker and community grievances, and these channels are to be effectively communicated (for example, in spoken languages, in physical and electronic forms). These channels will be communicated in addition to building capacity and awareness around social and labour practices. This effectiveness of these channels will be assessed using stakeholder feedback. ▪ Worker grievances are to be heard, appropriately investigated, and any required remediation taken. Complainants are to be informed throughout the process and informed of their options for escalation. ▪ Channels must be provided through which adversely affected people or communities can raise complaints or concerns without fear of retaliation, intimidation, harassment, discrimination or victimisation. ▪ Suppliers must not obstruct access to other remedies, including judicial or non-judicial remedies. ▪ If allowed by law, an anonymous, confidential method for all workers to raise concerns to the supplier without fear of retaliation shall be provided. ▪ City respects the rights of human rights defenders, and does not tolerate threats, intimidation, or attacks against human rights defenders. City expects suppliers to respect the rights of human rights defenders, and not tolerate threats, intimidation, or attacks against human rights defenders.
<p>Reporting and Documentation</p>	<ul style="list-style-type: none"> ▪ Suppliers must ensure that appropriate policies and documentation are in place to ensure effective ethical management practices. ▪ The supplier must provide all reasonable assistance to City so that City can ensure the supplier's ongoing compliance with these standards and any applicable agreements, laws or regulations. This may include a site inspection or audit and/or all relevant documentation arising out of or in connection with the goods or services provided by the supplier.
<p>Management Systems and Training</p>	<ul style="list-style-type: none"> ▪ Suppliers must ensure appropriate documentation, evidence, processes, and systems are in place and continually developed to ensure effective ethical management practices. ▪ Suppliers must provide adequate information to their employees on their rights as outlined within this Policy.

4.3 Policy in Practice

4.3.1 Ethical Sourcing Questionnaire

All sub-contractor categories will be risk-rated to determine high-risk sub-contractor categories from an ethical sourcing (employment obligations) perspective. The risk rating methodology is detailed in the Ethical Sourcing Assurance Framework Manual (PRO-MN-001).

On a bi-annual basis, the City Procurement team will request that (a) all sub-contractors that relate to a high-risk sub-contractor category, and (b) suppliers of goods with significant spend, complete City's Ethical Sourcing Questionnaire (PRO-FM-023).

Should a supplier's response to the Ethical Sourcing Questionnaire be deemed inadequate by the City Procurement team, the sub-contractor must provide a corrective action plan that is agreed to by City.

Should corrective actions not be deemed suitable, City may decide to terminate the relationship and source alternate supply of goods or services.

For suppliers of goods, City may require that the supplier register with an online supplier portal such as Supplier Ethical Data Exchange (SEDEX) to provide information about their ethical sourcing performance.

In addition, City may require suppliers to undergo an audit such as a Sedex Members Ethical Trade Audit (SMETA) to enable the supplier and City to assess their sites and their own suppliers working conditions. The decision to conduct an audit will be determined in consultation with one of City's partners.

Alternatively City may determine that an audit is required. A key criterion that City will consider in determining whether to conduct an audit independently of one of its partners is whether the supplier's relevant manufacturing site(s) are in a country that is a member of the Organisation for Economic Co-operation and Development.

4.3.2 City's Grievance Mechanisms

The HR-PO-028 City Whistleblower Policy encourages all team members, partners, supplier workers and sub-contractor workers to report any suspected unethical, illegal, fraudulent or undesirable conduct within our operations or supply chains.

This includes conduct with suspected adverse impacts on people, communities or the environment.

A dedicated independent whistleblower hotline has been established for reporting purposes. City respects the rights of individuals to raise grievances confidentially/anonymously or concerns without fear of retaliation.

5 Definitions & Abbreviations

Definition/Abbreviation	Explanation
Worker	“Workers” means any individual working for a city supplier through a contract of employment, or through a third-party labour hire service.

6 References

- HR-PO-028 Whistleblower Policy
- HSEQ-PO-008 Modern Slavery Policy
- PRO-MN-001 Ethical Sourcing Assurance Framework Manual
- PRO-FM-023 Ethical Sourcing Questionnaire

7 Document Control

Approval

	Title	Name
Administrator	General Manager Procurement	Jim Kokkinias
Approver	General Manager Procurement	Jim Kokkinias

Electronic approval maintained on file

Document History

The following table lists the changes made to this document:

Version	Date	Amended By	Brief summary of changes
1	12/08/2016	Jim Kokkinias	Initial release of new document
2	03/08/2021	Jim Kokkinias	Inclusion of additional standards within section 4.2 to align to Partner requirements
3	19/05/2022	Liza Teresinski	References to local or National laws as they related to Working Hours and Discrimination
4	14/02/2024	Jim Kokkinias	Various changes including reference to Ethical Sourcing Assurance Framework Manual (section 4.1); description of high-risk sub-contractors (section 4.3.1); and audit requirements (section 4.3.1)