



Ethical Sourcing Policy

Adairs Limited (Company)
ACN 147 375 451

Adopted by the Board on 22 February 2021

1 Ethical Sourcing Policy

Adairs is committed to sourcing our products in an ethical and socially responsible manner and we seek to partner with suppliers who share this commitment.

This Ethical Sourcing Policy (Policy) is a summary of the minimum ethical standards that all suppliers, including factories and sub-contractors engaged by suppliers (collectively referred to as Suppliers), are required to comply with when producing and supplying merchandise for Adairs.

Suppliers have a contractual obligation to adhere to our ethical sourcing policies and procedures under the following key documents, as well as any other guides and requirements as communicated to the Supplier by Adairs.

Document	Purpose
<i>Adairs Supplier Code of Conduct</i> ("Supplier Code of Conduct")	Sets out the rules, responsibilities and proper practices expected of a Supplier by Adairs.
<i>Adairs Ethical Sourcing Supplier Guide</i> ("Supplier Guide")	Used to assist all Suppliers and Sub-Contractors to understand the Supplier Code of Conduct. The Supplier Guide contains the Supplier Code of Conduct.
<i>Adairs Supplier Agreement</i> ("Supplier Agreement")	An agreement by which a Supplier promises to supply specified goods or services to Adairs over a certain time and at a specified price, and Adairs agrees to purchase such goods or services exclusively from the Supplier during that time.

Adairs requires all Suppliers to ensure the expectations of its Supplier Code of Conduct and Supplier Guide are communicated to, and implemented in, all sub-contractor factories used in any stage of manufacturing of Adairs products and that all parties who manufacture products for Adairs adhere to our ethical standards, act ethically and reasonably, meet their legal obligations as employers to their workers and do their best to create and maintain a fair and safe work environment.

Adairs is proud of the relationships we have formed with our Suppliers and we are committed to work with and support our supply chain partners who manufacture our products to ensure any remediation program required by Adairs is implemented and followed to resolve any concerns.

2 Ethical Compliance System

To comply with our Supplier Guide, a Supplier is required to establish an ethical compliance system in their workplace and agree to follow the Adairs' Supplier Agreement. This requirement includes Suppliers establishing an ethical compliance system in all Sub-Contractor factories used for the manufacture of Adairs products.

The Ethical Compliance System requires Suppliers to, amongst other things, undertake the following (which is a summary only):

- Disclose to Adairs the name and address of every sub-contractor or supplier (factory) of any materials, components, or parts that supply any products or services for inclusion in Adairs products;
- Share the information contained in the Code of Conduct and the Supplier Guide with all factories and sub-contractors that will be used to manufacture products for Adairs;
- Appoint an internal senior manager to oversee the implementation and review of this ethical compliance program throughout the supplier and sub-contractors factories;
- Create a documentation system for maintaining any updated applicable laws and regulations, company policies, payroll records, personnel records, government licences/certificates/inspection reports, training records and certificates, sub-contractor agreements as well as records of sub-contractor visits. These documents are to be made available to any Adairs appointed representative or auditor upon request;
- Allow Adairs and/or their auditor to tour any factory or facility used in the manufacture of Adairs products including to conduct interviews with workers and give access to all relevant payroll and other records.

3 Supplier Code of Conduct

Adairs expects its suppliers to comply with the following ethical standards, and any associated laws and regulations in the supplier's country of operation and manufacture. Where there is a conflict between the ethical standard and local laws, the requirement that affords greater protection will apply.

3.1. Human Rights

Adairs supports the protection of internationally proclaimed human rights and expects all those involved in the production of Adairs product to adopt and adhere to the relevant rules and conditions of employment in respect of workers. We also expect our Suppliers, Sub-Contractors and Third-Party operators to safeguard workers' rights under national and international labour laws, social security laws and regulations and ensure that every worker is treated with respect and dignity. In addition, our expectation is that all workers are provided a written employment contract, in local language, stipulating the terms and conditions of their employment.

Adairs has the following expectations in these human rights areas:

3.1.1. Child Labour

We are committed to the elimination of child labour and have aligned our Supplier Code of Conduct to ILO Conventions 138 and 182. Specifically, no person shall be employed under the age of 16 or younger than the legal age for employment, whichever is higher. We expect Suppliers, Sub-Contractors and Third-Party operators to take the necessary preventive measures to ensure they do not employ anyone below the legal age of employment.

3.1.2. Harassment

All workers are treated with dignity and respect and do not suffer any form of harassment including physical, sexual, psychological or verbal abuse.

3.1.3. Discrimination

No workers, including migrant workers, will be subjected to any form of discrimination on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

3.1.4. Freedom of Association/Grievance Procedure

Workers have the right to freedom of association, union membership and collective bargaining including access to an impartial grievance and complaint mechanism to utilise which is free of any consequence. Where workers rights to freedom of association is restricted under law, an appropriate channel such as Workers Participation or Representative Group shall be established to ensure a reasonable and independent exercise of their rights.

3.1.5. Wages

We encourage our Suppliers, Sub-Contractors and Third-Party operators to provide workers the opportunity to earn wages that are higher than legal minimum wages. We also expect employers to comply with all legal requirements on wages, providing all benefits to workers required by law or contract. Wages must be paid regularly, on time, and must reflect the experience, qualifications and performance of the worker.

3.1.6. Working Hours

Workers ordinary working hours must not exceed the legal limit and shall never exceed 48 hours per week. Overtime hours must not exceed the numbers allowed by the law of the country and if no such limit exists, overtime work should not exceed 12 hours per week and a total of 36 overtime hours per month.

Overtime work must always be voluntary and compensated in accordance with the law at premium rates. Other than in exceptional circumstances, the sum of a workers ordinary and overtime hours in a week shall not exceed 60 hours.

Piece-rate workers should be entitled to overtime compensation for hours worked and piece rate payments must not be used to pay less than the standard minimum wage for the equivalent hours worked. All workers are entitled to at least one day off in every seven-day period.

3.2. Forced Labour Including Modern Slavery

Adairs is committed to eliminating all forms of forced, compulsory and prison labour which includes all aspects of Modern Slavery. Suppliers, Sub-Contractors and Third-Party operators must not require workers to lodge any documentation such as identity papers with them and workers' wages should not be withheld for any reason.

3.3. Safe Working Conditions

Worker safety is important to Adairs, so we expect our Suppliers, Sub-Contractors and Third-Party operators to ensure all workers are provided with a safe working and living environment that prevents injury while meeting local and national compliance standards.

We will not compromise on worker safety and have the following expectations for all facilities used for Adairs production:

- All buildings and facilities including dormitories used for the manufacture of Adairs product must have a current building safety certificate;
- All buildings must be structurally sound;

- Fire safety equipment must be in the required locations in the facility;
- First aid attendants must be trained and available for all workers;
- Emergency evacuation exits must be clear and unlocked any time workers are in the factory;
- Workers must be trained on how to act in the event of an emergency including evacuation.
- Personal protective equipment (PPE) should be provided and maintained, and training in its use should be provided to all workers required to wear it.

3.4. Restricted Raw Materials & Practices

All Suppliers, Sub-Contractors and Third-Party operators to Adairs are required to adhere to Adairs expectations which includes ensuring banned substances and banned processes are not used in or on any Adairs product. Suppliers, Sub-Contractors and Third-Party operators are required to adhere to national and international standards for animal welfare and minimise any potential harm, stress or pain to animals. We require all production facilities that are used in the supply of Adairs products to ensure any animal product used is a by-product of other industries.

3.5. Environment

We support a precautionary approach to environmental challenges within our entire supply chain and expect our Suppliers, Sub-Contractors and Third-Party operators to undertake multiple initiatives to promote greater environmental responsibility. Where any production process creates waste, we expect the Suppliers, Sub-Contractors and Third-Party operators to apply environmentally sound technologies to reduce the day-to-day operating inefficiencies including emissions of environmental contaminants, worker exposure to hazardous materials including chemicals and chemical management and the risks of environmental disasters.

3.6. Business Licences & Registrations

All Suppliers, Sub-Contractors and Third-Party operators must follow the local and national laws and regulations in the countries in which they operate which includes holding all relevant business licences and permits. If at any time the requirement of the Supplier Code of Conduct conflicts with the local or national law in a country or territory, the law must always be followed. Where a conflict occurs, the Supplier must notify Adairs immediately.

3.7. Transparency

Suppliers are required to commit to providing full transparency of their end-to-end production processes which includes seeking approval for all sub-contractors prior to production commencing. Suppliers, Sub-Contractors and Third-Party operators shall not refuse a Social Compliance audit and must ensure full transparency of all factory records during the audit.

3.8. Unauthorised Sub-contracting

Workers across all stages of production have the right to safe working conditions and the protection of their human rights. As a result, we expect our Suppliers, Sub-Contractors and Third-Party operators to ensure they do not use any unauthorised Sub-Contractors or Third-Party operators for any production of Adairs product within our end-to-end supply chain. We are committed to ensuring governance of our full supply chain processes on all areas of our Supplier Code of Conduct.

3.9. Anti-Bribery & Corruption

Adairs is committed to operating its business according to global laws and their intent. We expect our Suppliers, Sub-Contractors and Third-Party operators to adhere to this requirement.

4 Compliance with Supplier Code of Conduct

Suppliers are responsible for ensuring compliance with Adairs' Supplier Code of Conduct and must maintain adequate records of all aspects of the ethical standards contained in the Code.

Adairs' employees, agents or its representatives may visit supplier factories or facilities to audit a supplier's compliance with the Code.

Non-compliance with the Code will require the supplier to undertake corrective action, which will be dependent upon the nature of the breach. This includes maintaining a Corrective Action Plan (CAP) to address the identified breaches and have in place a process for regular updates of the remediation progress.

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