

SHOPKO®

Vendor Partnership Manual

Section 5 – Code of Ethics

What's New

*No changes have occurred in this chapter
since our last update in
January 2018.*

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1. Code of Ethics

I. General Tenet

Any Vendor that produces or manufactures goods for Shopko Stores Operating Co., LLC, affiliates or agents (collectively “Shopko”) shall comply with all applicable laws, rules and regulations of the United States and any other country in which Vendor is doing business.

- A. Vendor shall comply with all applicable laws including, without limitation, those relating to labor/child labor, worker health and safety, product safety, and the environment.
- B. Vendor will be held accountable for the operations of their factors and all subcontractors and will be required to implement a monitoring program to ensure that all contractors are in compliance. This monitoring program shall include periodic and ongoing inspections of all production facilities. Any violations of the standards and principles set forth herein shall be promptly reported to Shopko. The absence of a report shall be construed as your affirmative certification that all facilities are in compliance. Vendors' subcontracts with other manufacturers shall require compliance with this Code of Vendor Ethics.
- C. Shopko and/or any of its representatives or agents will be allowed unrestricted access to Vendors' facilities and to all relevant records at all times, with or without advance notice.

II. Wages & Hours

Vendor shall continually monitor and ensure all factories and all subcontractors comply with all applicable laws regarding wages, overtime pay, and working hours of the countries in which they are doing business. This includes, but is not limited to, proper minimum wage and overtime pay as dictated by law; proper time off, and to ensure the health and safety of all workers. To ensure compliance, Vendor must monitor all factories and subcontractors through an ongoing inspection and record keeping program.

- A. Vendor shall pay workers at least the applicable minimum legal wage established by the country within which the workers perform services.
- B. Vendor shall pay workers overtime and any other legally required pay (e.g. incentive, piece rate, and holiday). Overtime pay rates shall be calculated pursuant to law and will be higher than rates established for a regular shift.
- C. Workers may not be forced to work in excess of 12 hours in any 24 hour period.
- D. Workers shall be allowed a minimum of 24 consecutive hours of rest in each calendar week.
- E. Vendor shall maintain accurate payroll records in accordance with applicable laws for every worker and for each pay period which reflects, at minimum, amount paid, days and hours worked, wage or rate earned per day, hours of overtime, other types of income, and any legal or contractual deductions from pay. Such records shall be retained and kept available for audit for a period of at least three (3) years after work is performed.
- F. Vendor shall provide every worker with a wage statement in accordance with applicable laws which includes, at minimum, the requirements set forth in section E above. If no such law exists, Vendor shall nevertheless provide access to such payroll records at the worker's request.

III. Child Labor

Vendor shall not employ workers who are under the applicable minimum legal age requirement. If the laws of the country within which the Vendor is doing business do not state a minimum legal working age or if the minimum legal working age is below the age of 14, Shopko will set its own minimum age standard of at least 14 years old. Notwithstanding the minimum age standard of 14 years, Vendor must also adhere to any and all other child labor laws.

- A. Every worker employed by Vendor shall meet the minimum legal working age requirement or be at least 14 years of age, whichever is greater.
- B. Vendor shall comply with all applicable child labor laws, including those related to hiring, wages, hours worked, overtime and working conditions.
- C. Vendor shall keep accurate employment records of every worker which includes official documentation of the worker's date of birth. If no such official documentation is available in the worker's country, age must be confirmed by using another reliable method, which must be disclosed in the worker's employment record. Such records shall be retained and kept available for audit for a period of at least three (3) years after work is performed.

IV. Forced Labor/Prison Labor

Vendor shall hire only those workers who seek employment on a voluntary basis. Vendor shall not hire, contract or use any forced, prison or indentured labor. No worker will be required to remain in Vendor's employ for any period of time against his or her will.

- A. Vendor shall not utilize any involuntary labor, including prison labor, debt bondage or forced labor in the production or manufacture or in its contracting, subcontracting or other relationships for the manufacture of its products.

V. Disciplinary Practices

Vendor shall not use corporal punishment or any other form of mental or physical coercion against its workers.

- A. Vendor shall not engage in or permit physical acts to punish, discipline or coerce workers.
- B. Vendor shall not engage in or permit mental coercion or any other type of non-physical abuse against workers. Such mental coercion may include, but is not limited to, verbal threats and harassment.

VI. Discrimination

Vendor's employment practices shall provide workers and job applicants with equal opportunity. Employment decisions and practices will be based on the worker's/applicant's ability to do the job, rather than on non-job related characteristics or beliefs.

- A. Employment practices shall include, without limitation, recruiting, hiring, wages, and other forms of compensation, promotions, demotions, transfers, layoffs, terminations, training and worker facilities.
- B. Vendors' employment practices shall be made without regard to race, color, national origin, gender, religion, age, marital status, and any other unlawful basis.

VII. Worker Safety and Health

Vendor shall comply with all applicable laws regarding working conditions and shall furnish all workers with a safe and healthy working environment. Where applicable, Vendor shall furnish workers with safe, healthy and adequate housing.

Working Environment:

- A. Vendor shall comply with all applicable laws and regulations regarding working conditions, including without limitation, worker safety and health, sanitation, fire safety, worker protection, and electrical, mechanical and structural safety.
- B. All work areas shall be well lit and adequate for the safe production of merchandise.
- C. All work areas shall have sufficient windows, fans, air conditioners or heaters for adequate circulation, ventilation and temperature control.
- D. All work areas shall have sufficient exits for emergency evacuations of workers. Each exit shall be clearly marked and emergency lights shall be placed above all exits and stairwells. Emergency exit routes should be conspicuously posted in all work areas.
- E. Aisles, exits, stairwells, and restrooms shall be kept clear of any and all items that could restrict and/or obstruct access.
- F. Doors and exits shall be kept unlocked during all working hours.
- G. Fire extinguishers shall be appropriately maintained, highly visible and readily accessible to all workers.
- H. Fire alarms shall be installed and maintained on each floor.
- I. Evacuation procedures shall be effectively communicated to all workers at least annually.
- J. Workers shall receive appropriate protective gear and equipment (e.g. masks, gloves, goggles, ear plugs, and rubber boots) and instructions for its use.
- K. Machinery and equipment shall have the appropriate safety devices installed, shall be inspected regularly and shall be serviced as needed.
- L. Workers shall have reasonable access to safe drinking water throughout the working day.
- M. Vendor shall maintain adequate medical facilities or, at minimum, one well-stocked first aid kit on every floor. Vendor shall have trained staff to deal with basic medical emergencies and shall have procedures for dealing with serious injuries that require outside medical treatment.
- N. Vendor shall maintain sufficient clean and sanitary restrooms and shall provide reasonable access to workers throughout the day.
- O. Hazardous and combustible materials shall be stored and disposed of in accordance with applicable laws. In the absence of such laws, all materials which pose a health risk shall be stored in secure receptacles and in ventilated areas and will be disposed of in a safe manner.

Housing (if applicable):

- P. Vendor shall comply with all applicable laws and regulations regarding safe and healthy housing facilities, including without limitation, fire safety, sanitation, and electrical, mechanical and structural safety.
- Q. The housing facility shall have sufficient windows, fans, air conditioners or heaters in all sleeping areas for adequate circulation, ventilation and temperature control.
- R. The housing facility shall have sufficient exits for emergency evacuations. Each exit shall be clearly marked and emergency lights shall be placed above all exits and stairwells. Emergency exit routes should be conspicuously posted in appropriate areas (e.g. common areas, sleeping areas).
- S. All exits, stairwells, and public restrooms shall be kept clear of any and all items that could restrict and/or obstruct access.
- T. Fire extinguishers shall be appropriately maintained, highly visible and readily accessible to all sleeping areas.
- U. Fire alarms shall be installed and maintained on each floor.
- V. Vendor shall provide residents with access to their housing facility at all times during the day with the exception of reasonable limitations imposed for safety.
- W. All applicable laws relating to living space, sleeping space, beds/mats, storage space and the like shall be adhered to.
- X. Residents shall have reasonable access to safe drinking water throughout the day.
- Y. Sufficient restroom facilities shall be sanitary, well-maintained and adequately stocked at all times.
- Z. Vendor shall maintain sufficient clean and sanitary restrooms and provide reasonable access to residents.

VIII. Product Safety

Vendor shall comply with all applicable Federal and State product safety laws and regulations.

IX. CONEG/Heavy Metals in Packaging

Vendor shall comply with all applicable heavy metals in packaging laws and regulations.

X. Environment

Vendor shall comply with all applicable environmental laws and regulations.

XI. General Business Ethics

Shopko employees and its agents are expected to follow ethical practices in conducting business with its vendors. In the event of an impropriety or appearance of impropriety, vendors are encouraged to contact the appropriate Divisional Vice President or General Merchandise Manager to discuss any concerns.

Vendor shall limit gifts, if any, to Shopko employees to a nominal value. This includes business entertainment and other accommodations to Shopko employees. In no event shall a vendor provide solicited gifts to Shopko employees.

Should a vendor not be satisfied with the response being received as a result of elevating an issue or receive an unsolicited offer from a Shopko employee that is in violation of the above principles, vendor is encouraged to contact Shopko's Vendor Relations line at (920) 429-4010 or the confidential hotline at (888) 875-1163.

XII. Anti-Bribery and Anti-Corruption

Vendor shall not, nor shall any person on behalf of Vendor in connection with work for Shopko (including, without limitation, its employees, affiliates, and agents):

- A. offer, promise, give, request, agree to receive or accept any financial or other advantage to/from any person with the intention of influencing a person (who need not be the recipient of the advantage) to perform his or her function improperly, or where the acceptance of such advantage would itself be, improper, or
- B. offer, promise, or give any financial or other advantage to a public official (or to any other person at the request of, or with the acquiescence of, a public official) with the intention of influencing that official in the performance of his or her public functions,

in either case with a view to obtaining or retaining business or any form of commercial advantage for Shopko.

Vendor understands that the penalties for violations of this provision are severe and include termination of its relationship with Shopko as well as any agreements or purchase orders, and further agrees to indemnify Shopko for any loss that Shopko may incur as a result of Vendor's non-compliance with this provision.

XIII. Enforcement

Shopko will not do business with any vendor who knowingly engages or contracts with companies who knowingly engage in practices violative of any applicable law. Further, if it is determined that any vendor or company which produces or manufactures Shopko merchandise on behalf of Vendor has materially violated the standards and principles outlined in this Code, Shopko may, at its option and without limitation, terminate or suspend the business relationship with Vendor, terminate current production of Shopko merchandise, cancel all outstanding orders with Vendor, refuse and return any shipment of Vendor's merchandise, or require immediate corrective action to be taken.