
Super Cheap Auto Group Limited

ETHICAL SOURCING POLICY

Authorised by: Managing Director	Last revision date: January 2009
Introduction date: February 2009	This revision date: January 2009
	Revision Authorised by: Group Overseas Sourcing GM

SUPERCHEAP AUTO GROUP ETHICAL STANDARDS

Super Cheap Auto Group ("**SCA Group**") maintains ethical standards as a general principle so that it:

- Acts in accordance with its Group values in the communities in which it operates;
- Acts proactively in a way that benefits the community;
- Does no harm to those in the community;
- Respects fundamental human rights;
- Treats team members fairly;
- Acts with integrity towards its customers, shareholders and the communities in which it operates:
 - Supports charitable works
 - Does not manufacture and / or market products that are intrinsically harmful
 - Makes environmentally responsible choices of product and packaging
 - Maintains compliance with applicable laws and regulations
 - Chooses to work with others who have complementary values and principles
 - Makes a profit for its shareholders.

1. Statement of Principles that Underpin our Ethical Sourcing Policy

- 1.1 Our goal is to source good value products that are safe to use and fit for the purpose for which they will be reasonably used by the customer. Central to this goal is a belief that our products be made in a way that respects the people who manufacture them and those trading partners who share in the process.
- 1.2 Through our Ethical Sourcing Policy we work to ensure expectations and relevant regulatory requirements are met in regard to safe working conditions, legal working hours and reasonable pay for work done.
- 1.3 Our preferred suppliers shall, as a minimum, comply with all applicable environmental laws and regulations relating to the environmental impact of their business.
- 1.4 Sound supplier relationships are an integral part of our sourcing activities and as such we strive to apply our company values in our dealings:
 - 1.4.1 Adhere to our internal Principles of Engagement

Super Cheap Auto Group Limited

- 1.4.2 Deal honestly and responsibly in regard to commercial negotiations
- 1.4.3 Conduct our sourcing in line with our Code of Conduct and our Gifts & Gratuities Policy
- 1.4.4 Allow opportunity for suppliers to rectify issues
- 1.4.5 Provide advance notice regarding supply changes and transition plans to utilise finished product or usable packaging inventories.

2. Suppliers, Agents, Distributors and Service Provider Compliance

- 2.1 It is expected that suppliers, agents, distributors and intermediaries comply and act in accord with the SCA Group Ethical Sourcing Policy and can provide relevant independent audits, necessary certificates and patent compliance documentation to demonstrate adherence.
- 2.2 The term 'suppliers' in this policy document applies to Agents, Distributors and Intermediaries that participate in the various stages of the supply chain in securing and delivering goods and services to the SCA Group.
- 2.3 We may employ a Third Party Independent Auditor to conduct assessment of suppliers, including:
 - 2.3.1 Factory audits to consider workers' accommodation standards, workplace conditions and wages benchmarked to a clearly defined criteria
 - 2.3.2 New suppliers are screened before they are given an order
 - 2.3.3 Audits are conducted on new suppliers and based on levels of non critical compliance. Corrective requirements are reviewed on a supplier specific schedule maintained in our Liberty Sourcing Application as part of our critical path management process
 - 2.3.4 All suppliers are briefed about these standards and their obligation to meet them
 - 2.3.5 Suppliers sign a Supplier PO Terms Agreement which formalises their commitment.

3. Labour Relations

We expect suppliers to adopt sound labour practices and to treat their employees fairly, in accordance with local laws and regulations relating to labour and employment.

Super Cheap Auto Group Limited

4. Labour Relations Factory Audits

Factory audits consider workers' accommodation standards, workplace conditions and wages.

- Specific checklist items –
 - Employment Age**
 - Hours and Wages,
 - Health and Safety, **
 - Forced Labour **
 - Discrimination. **
- These are benchmarked to Federal / National Conditions and comprise of observation, management and employee interviews.
- ** Are critical items and must achieve '0' failure
- Non critical are noted and advised for improvement and agreed review periods.

5. Environmental Requirements

- 5.1 Environmental Standards - Our preferred suppliers shall, as a minimum, comply with all applicable laws and regulations relating to the environmental impact of their business.
- 5.2 Supplier compliance with environmental law shall include any international or applicable local laws affecting the source of materials and processes used to manufacture products.
- 5.3 Detailed performance standards are a matter for suppliers, but should address at least the following:
 - 5.3.1 Waste Management: - Waste is minimised and items recycled wherever practicable. Effective controls of waste in respect of ground, air, and water pollution must be adopted
 - 5.3.2 Packaging and Paper: - Undue and unnecessary use of materials shall be avoided, and recycled materials should be used wherever appropriate
 - 5.3.3 SCA Group is a signatory to the Australian Government's National Packing Covenant and requires suppliers to comply with the relevant standards.

Super Cheap Auto Group Limited

6. Conflict of Interest

- 6.1 Suppliers and contractors must avoid any situation that may involve a conflict or the appearance of a conflict between their personal interests and the interests of SCA Group.
- 6.2 Each supplier and contractor must make prompt and full disclosure to the SCA Group of any situation which may involve a conflict of interest. Conflicts of interest include, but are not limited to:
 - 6.2.1 Ownership of a significant financial interest in any competitor of SCA Group.
 - 6.2.2 Serving as a director, officer, partner, consultant or in any capacity with a competitor of SCA Group.
 - 6.2.3 Acting as a broker, finder or other intermediary for the benefit of a third party in transactions involving SCA Group or its interests.
 - 6.2.4 Any other arrangement or circumstance, including family or other personal relationships, which might influence the supplier or contractor from acting in the best interests of SCA Group.

7. Group Response to Persistent Non Compliance

There may be occasions where a minority of suppliers will not share SCA Group's commitment to ethical sourcing and demonstrate such by not co-operating or failing to address identified breaches within agreed timeframes and/or over a number of successive audits.

In such circumstances, SCA Group may initiate steps to secure alternative sources of supply.

7.1 Escalation Procedures

Any consideration to de-list a supplier is a last resort and of such significance that a final decision will involve the senior management team.

- 7.1.1 Non compliance by a supplier to one of the SCA Group's brands is likely to have a flow on effect to other brands as all are bound by SCA Group's Ethical Sourcing Policy
- 7.1.2 Only after every effort has been made to encourage a supplier to become compliant without a satisfactory outcome, should the brand's Merchandise Team and Overseas Sourcing Team where applicable, make a joint recommendation to delist a Supplier

Super Cheap Auto Group Limited

- 7.1.3 The recommendation should be made to the most relevant Merchandise General Manager and Overseas Sourcing General Manager
 - 7.1.4 The General Managers will either sanction the recommendation(s) for delisting, or to initiate alternate steps as warranted. This may include further discussions or negotiations with the Supplier or consultation with the Group Leadership Team
 - 7.1.5 In such circumstances, it is imperative that consultation occurs between the SCA Group's retail brands' members so that actions and decisions may be applied consistently.
- 7.2 Managing Supplier Delisting
- 7.2.1 It is imperative that any decision to delist a supplier is managed with due consideration of all of the legal implications.
 - 7.2.2 Specific consideration should be given to the management of:
 - 7.2.2.1 Outstanding purchase orders/contracts, including stock that is already in transit
 - 7.2.2.2 Stock on hand, inclusive of stock being held in warehouses
 - 7.2.2.3 Stock that is subsequently returned by customers, which may or may not be the subject of a quality complaint
 - 7.2.2.4 Outstanding payments for receipted goods or services, with consideration of off-setting the outstanding amounts against any foreseeable costs or expenses
 - 7.2.2.5 The impact on the supplier's viability as a going concern by the decision to delist
 - 7.2.2.6 Any other non-legal factors that may impact negatively on Supercheap Auto Group (e.g. negative publicity, trade/ union influences, government/political factors – domestically and internationally).