

# SEARS HOLDINGS CORPORATION AND SEARS CANADA INC.

## Code of Vendor Conduct

Sears Holdings Corporation (collectively, “Sears” and all retail formats operating under Sears, including but not limited to Sears Essentials, Sears Grand, and the great indoors, “Sears Canada” and “Kmart”) is committed to conducting its business in accordance with a high standard of business ethics and in compliance with all applicable laws. Sears Holdings Corporation expects its vendors to do the same. Moreover, Sears Holdings Corporation conducts its business with a regard for human rights and seeks vendors that have similar standards.

While Sears Holdings Corporation recognizes that different cultural, legal and ethical systems exist in the countries in which merchandise purchased by Sears Holdings Corporation is manufactured, this Code of Vendor Conduct sets forth certain basic requirements that all Sears Holdings Corporation’s vendors and their subcontractors--domestic and foreign-- must satisfy as a condition of doing business with Sears Holdings Corporation.

**Compliance with the Law and Code of Vendor Conduct.** Sears Holdings Corporation will deal only with vendors of merchandise that Sears Holdings Corporation considers reputable and whose business and labor practices conform to the requirements of applicable law and the key requirements of the Sears Holdings Corporation Code of Vendor Conduct. Where the Code of Vendor Conduct sets a higher standard, the Code of Vendor Conduct will prevail. Sears Holdings Corporation will not do business with companies that violate the law, and will terminate vendors that do.

**Safety and Health.** Conditions in all work and residential facilities must be safe, clean, and consistent with all applicable laws and regulations and the provisions of this Code of Vendor Conduct.

**Child Labor.** No worker shall be employed under the age of 15, or under the age of completion of compulsory education, or under the minimum age for employment in the country of manufacture, whichever is greater.

**Forced Labor.** The use of forced or compulsory labor is unacceptable.

**Harassment or Abuse.** The factory shall ensure that no worker is subject to any physical, sexual, psychological, or verbal harassment or abuse.

**Discrimination.** Discrimination in employment, including recruitment, hiring, training, working conditions, job assignments, pay, benefits, promotions, discipline, termination, or retirement on the basis of gender, race, ethnicity, social origin, religion, age, disability, sexual orientation, national origin, or political opinion is prohibited.

**Working Hours.** Except in extraordinary business circumstances, workers shall not be required to work (inclusive of overtime) more than the legally prescribed limits or 60 hours, whichever is less, and one day off in every seven day period shall be provided. Vendors shall comply with applicable laws that entitle workers to vacation time, leave periods and holidays.

**Wages and Benefits.** Wages are essential for meeting the basic needs of workers. Vendors shall compensate their workers by providing wages, including overtime pay, and benefits that satisfy all applicable laws and regulations.

**Freedom of Association.** Vendors are required to respect the rights of workers to establish and join a legal organization of their own choosing without being penalized for the non-violent exercise of these rights.

**Environmental Compliance.** Vendors must comply with all local laws protecting the environment. Sears Holdings Corporation encourages its vendors to conduct business so as to minimize the impact on the environment, including reducing waste and maximizing recycling initiatives.

**Notice and Record Keeping.** Sears Holdings Corporation may require Vendors to post this Code of Vendor Conduct in a location accessible to their workers (in the appropriate local language). Vendors must maintain current sufficiently detailed records to enable Sears Holdings Corporation to determine their compliance with this Code of Vendor Conduct, and make these records available to Sears Holdings Corporation representatives upon request.

#### Violations

To report suspected violations of this Policy, contact Sears Holdings Corporation Office of Ethics and Business Policy at 1 (800) 827-7478 or Sears Canada Inc. at 1 (416) 941-4425 or via e-mail ([laborc@sears.com](mailto:laborc@sears.com)).