

Varley Group Supplier Ethical Sourcing Guiding Principles

Varley Group PTY LTD Values and Commitment

The values of Varley Group Pty Ltd and its subsidiaries, affiliates, joint venture partners and divisions (“Varley Group”) are founded on the principles of accountability and integrity. Varley Group expects organisations producing goods and providing services, including any approved subcontractors (collectively “Suppliers”), to follow and adhere to these Supplier Guiding Principles in order to do business with Varley Group. These Supplier Guiding Principles apply to all Suppliers of Varley Group. The Supplier Guiding Principles represent Varley Group’s commitment to source goods and services only from Suppliers who strive to comply fully with all applicable laws and regulations, and those who meet internationally recognised standards and practices in dealing with their workers and working environment.

All Suppliers of Varley Group must comply with all applicable laws and each of the following principles:

I. Labour Standards and Human Rights

Prohibition of Forced Labour, Human Trafficking and Slavery

Suppliers may not use any form of forced labour, including prison, indentured, bonded, military, slave or any other forms of forced labour. In the event a Supplier desires to participate in a program that provides rehabilitation or work programs for incarcerated individuals to supply goods or services to Varley Group, all elements of any such program must be submitted to Varley Group for review and written approval by Varley Group’s Group Supply Chain Manager. Suppliers may not participate in the recruitment, transportation, transfer, harbouring or receipt of any persons by means of threat, use of force, or any other forms of coercion, abduction, fraud, deception, abuse of power or position of vulnerability, or the giving or receiving of payments or benefits to achieve the consent of a person having control over another person for the purpose of exploitation. Suppliers may not require any workers to remain in employment against their will.

Prohibition of Child Labour

Suppliers may not use child labour. Workers must not be younger than 16 years of age.

Working Hours

Suppliers’ employee working hours should be in compliance with any and all applicable laws and regulations. However, Suppliers are encouraged and should strive to have no employees work more than 60 hours per week, or more than 6 days during any 7 day period.

Wages and Benefits

All employees of Suppliers should receive at least the legal minimum wage and benefits. A written account of wages should be given to the employee during each pay period clearly indicating the employee’s compensation and any deductions. Suppliers should pay higher hourly rates for night shifts than for day shifts.

Respect for the Individual

All employees should be treated with respect and dignity.

Freedom of Association and Collective Bargaining

Suppliers must respect the rights of employees to freely associate, organise and bargain collectively in accordance with the employment laws of its local country. Varley Group encourages communication and direct involvement of Suppliers’ management and employees regarding working conditions without fear of intimidation, harassment or reprisal.

Non-Discrimination, Harassment and Abuse

Suppliers should make hiring decisions on the basis of the employee’s qualifications to perform the specific job. Supplier must avoid making any decisions relating to hiring, salary, benefits, advancement, discipline, termination or advancement on the basis of the employee or potential employee’s race, colour, gender, nationality, religion, age, maternity, sexual orientation or marital status. Employees shall not be subject to verbal, physical, sexual or psychological abuse or any other form of mental or physical coercion. Supplier must not use physical violence or punishment as a form of discipline.

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Sourcing Practices

Varley Group is committed to responsible sourcing practices with regard to environmental factors and social responsibility and has the highest commitment to human rights.

II. Health and Safety

Working Environment

Suppliers should maintain a working and housing environment (if the Supplier provides housing) that is sanitary, safe, healthy and in compliance with applicable laws and regulations relating to working and living conditions (if applicable). Suppliers are required to comply with all applicable laws and regulations pertaining to the local fire code standards and the proper maintenance of all applicable equipment (i.e. alarms, extinguishers, etc.).

Security

Varley Group expects Suppliers to develop and implement a sound plan to enhance security procedures. Suppliers must comply with the Security Requirements (see section below).

III. Environment

Varley Group encourages Suppliers to be sensitive to their impact on the environment and local communities by enforcing environmental standards within its facilities. This extends to the timely and required maintenance of machinery and transportation fleet (where applicable). As such, Suppliers should have an effective, documented environmental policy that complies with applicable environmental laws, rules and regulations.

IV. Bribery and Corruption

Compliance, including but not limited to, matters involving import, export, bribery and corruption concerns

Each Supplier represents and warrants to Varley Group that all Products supplied have been or shall be produced, packaged, labelled, shipped and documented in compliance with all applicable laws of the respective country in which the goods are produced, packaged and shipped, and all other applicable federal, state and local laws, regulations and administrative rules or orders, including but not limited to those involving or enforced by Customs and Border Protection. Supplier further represents and warrants that it is in compliance with all laws, rules and regulations that are applicable to its relationship with Varley Group including, but not limited to, Australian and New Zealand laws regulating prohibition of bribery, anti-terrorism, asset controls and corruption, as well as applicable import or export laws, regulations and administrative rules or orders. Suppliers are required to notify Varley Group in advance of any conflicts of interest which may impact the Supplier's ability to meet compliance requirements. This includes any relationships with foreign officials or a non-Australian or New Zealand government agency. Supplier shall notify Varley Group immediately in the event of circumstances or changes that would or may affect Supplier's ability to remain in compliance with Varley Group's compliance standards.

Conflict of Interest: Suppliers should avoid actions that may result in conflicts of interest, which include offering or providing personal gifts, favours, personal travel expenses, lodging, or other housing, services of any kind, excessive meals and entertainment, or any other thing of value to Varley Group.

Anti-Corruption

Suppliers must maintain the highest standards of moral and ethical conduct at all times. Suppliers shall not engage in any form of corrupt practices including, without limitation to, extortion, fraud, impersonation, false declarations or bribery. Bribes, implied or offered, with the intention of obtaining or retaining a business or other improper advantage are not to be offered or accepted.

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Gifts and Hospitality

Suppliers must adhere to the following Varley Group policies regarding gifts and hospitality to help alleviate any perception of impropriety:

- Varley Group associates are not to accept gifts of more than \$100AUD in value and Suppliers may not offer such gifts.
- Varley Group associates are not permitted to purchase items directly from Supplier.
- Suppliers must immediately report to Varley Group any inappropriate requests or solicitations made by Varley Group associates. Suppliers may do so by reporting to Varley Group's (+61 2 4964 0400) or on the web at Varley Group.com.au
- Suppliers must keep a written account of all payments (including meals, entertainment, gifts or items of value) made on behalf of Varley Group.

V. Management of Standard

Inspection Right

Suppliers must be able to demonstrate compliance with these Supplier Guiding Principles to the satisfaction of Varley Group. Therefore, Supplier will maintain reasonable records and documentation of all matters related to their business with Varley Group in accordance with standard business practices and/or local laws and regulations. Suppliers will permit the Varley Group or parties designated by the Varley Group to inspect (with or without notice) all such records and documentation, and the facilities of the Supplier, to independently confirm compliance with these Supplier Guiding Principles.

Communication

Suppliers agree to post a copy of these Supplier Guiding Principles in at least two prominent locations where it is likely to be read by employees. This notice must be in English as well as in the local language spoken by a majority of the Supplier's employees.

VI. Standard Enforcement

Violations

If Varley Group determines a Supplier has violated these Supplier Guiding Principles, Varley Group may demand corrective action or terminate its business relationship with the Supplier, notwithstanding anything to the contrary in any other agreement between Supplier and Varley Group.

VII. SECURITY REQUIREMENTS

Every Supplier should have a written security procedure in place to protect Varley Group's intellectual property and confidential material, as well as those associates that work at or visit such Supplier facilities.

Physical Security

All buildings should be constructed with materials that resist unlawful entry and protect against outside intrusion.

Physical security should include:

- Adequate locking devices for external and internal doors, windows, gates and fences.
- Segregation and marking of international, domestic, high-value and dangerous goods cargo within the warehouse by a safe, caged or otherwise fenced-in area.
- Adequate lighting both inside and outside the facility, as well as in parking areas.
- Separate parking area for private vehicles that is separate from the shipping, loading dock and cargo areas.
- Having internal/external communications systems in place to permit prompt contact of internal security personnel or local law enforcement/police.

Access Controls

Unauthorised access to the shipping, loading dock and cargo areas should be prohibited.

Controls should include:

- The positive identification of all employees, visitors and Suppliers.
- Procedures for challenging unauthorised/unidentified persons.

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Procedural Security

Measures for the handling of incoming and outgoing goods should include the protection against the introduction, exchange, or loss of any legal or illegal material.

Security controls should include:

- Properly marked, weighed, counted and documented products.
- Procedures for verifying seals on containers, trailers and railcars.
- Procedures for detecting and reporting shortages and overages.
- Procedures for tracking the timely movement of incoming and outgoing goods.
- Proper storage of empty and full containers to prevent unauthorised access.
- Procedures to notify Customs and other law enforcement agencies in cases where anomalies or illegal activities are detected or suspected by Varley Group.

Container and Trailer Security and Inspection

Container and trailer integrity must be maintained to protect against the introduction of unauthorised material and/or persons. At the point-of-stuffing, procedures must be in place to properly seal and maintain the integrity of the shipping containers and trailers.

Container Inspection

Procedures must be in place to verify the physical integrity of the container structure prior to stuffing, to include the reliability of the locking mechanisms of the doors. A seven-point inspection process is recommended for all containers:

- Front wall
- Left side
- Right side
- Floor
- Ceiling/Roof
- Inside/Outside doors
- Outside/Undercarriage

Trailer Inspection

Procedures must be in place to verify the physical integrity of the trailer structure prior to stuffing, to include the reliability of the locking mechanisms of the doors. The following five-point inspection process is recommended for all trailers:

- Fifth wheel area - check natural compartment/skid plate
- Exterior - front/sides
- Rear - bumper/doors
- Front wall
- Left side

Personnel Security

Supplier should conduct pre-employment screening and interviewing of prospective employees to include periodic background checks and application verifications.

Education and Training Awareness

A security awareness program should be provided to employees including recognising internal conspiracies, maintaining product integrity, and determining and addressing unauthorised access. These programs should encourage active employee participation in security controls. Employees must be made aware of the procedures the Supplier has in place to address a situation and how to report it.

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Reporting of Potential Violations and Violations

All Suppliers are expected to adhere to these Supplier Guiding Principles and report any violations to Varley Group via the local number below or on the web or to Group Supply Chain Manager – Jeff Honniball. All reports are kept confidential and callers may choose to remain anonymous in their reporting.

Direct Lines

- Australia: +61 2 4964 0400

Web Contact

- <http://www.varleygroup.com/site/Contact>

Group Supply Chain Manager

- Jeff.honniball@varleygroup.com

VIII. Supplier Attestation

The Supplier authorises the procurement of an investigative background search in accordance with anti-terrorism legislation. The Supplier also certifies that neither it nor any of its funding sources, is or has ever been a terrorist or suspected terrorist, or a person or entity described in the aforementioned legislation. The Supplier understands that Varley Group will not do business with a Supplier if the Supplier has ever been a suspected terrorist or associated in any way with terrorist activities.

The Supplier also agrees to provide accurate and complete information to Varley Group to enable it to comply with all of its importation requirements. By way of signature below, the Supplier agrees to have read, understood and agrees to the terms and conditions set forth in the Supplier Guiding Principles and to promptly report any confirmed or suspected violations of these principles to Varley Group. The Supplier further certifies that materials incorporated into the products it supplies to Varley Group comply with the laws regarding slavery and human trafficking of the country or countries in which it is doing business.

[Print Full Legal Name of Company]

Signature: _____

Printed Name: _____

Title: _____

Date: _____