



SEARS HOLDINGS MANAGEMENT CORPORATION AND SEARS CANADA INC.

GLOBAL COMPLIANCE PROGRAM REQUIREMENTS

Sears Holdings Management Corporation (collectively, “Sears Holdings” and all retail, catalog, and online formats operating under Sears, Sears Canada, or Kmart, , including but not limited to: Sears, Sears Canada, Kmart, Super K) is committed to conducting business with a high standard of business ethics, a regard for human rights, and in compliance with all applicable laws. Moreover, Sears Holdings expects its vendors to demand similar standards in its entire supply chain including pre-assembly and production processes, and owned, contracted, and subcontracted production facilities.

While Sears Holdings recognizes that different cultural, legal and ethical systems exist in the countries which manufacture merchandise for Sears, Sears Canada, and Kmart, these Global Compliance Program Requirements set forth certain basic and fundamental requirements that all domestic and international facilities must satisfy as a condition of doing business with us.

Compliance with the Law. Sears Holdings will only produce merchandise in facilities that we consider reputable and whose business and labor practices conform to the requirements of applicable law and our Program Requirements. Where our Program sets a higher standard, it will prevail.

Health and Safety. All production and residential facilities must be structurally safe, and factory conditions must be consistent with all applicable laws, regulations, and the Sears Holdings Program Requirements.

Fire Safety Risk. All production and residential facilities must take all possible precautions to reduce the risk of fire, and have adequate plans to protect the lives of the workers in the event of a fire. Facilities must adhere to all applicable fire safety laws and regulations in the countries where they operate, as well as the Sears Holdings Fire Safety Program Requirements and Guidelines.

Child Labor. No factory 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/Slave Labor, Human Trafficking. We will not allow forced labor whether in the form of prison labor, indentured labor, or bonded labor. Overtime hours must be voluntary. Migrant workers should be provided with contracts, treatment, and wages that equal those of local workers.

Harassment or Abuse. No worker shall be 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. Production facilities 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. Workers will be compensated by wages, including overtime pay and benefits which satisfy all applicable laws and regulations.

Freedom of Association. All workers must have the right to establish and join a legal organization of their own choosing, without being penalized for the non-violent exercise of these rights.

Environmental Compliance. Adherence to all local laws protecting the environment is required. Factories must conduct business so as to minimize the impact on the environment, including reducing waste and maximizing recycling initiatives.

Notice and Record Keeping. The Global Compliance Program Requirements must be posted in a location accessible to the workers in the appropriate local language. Factories must also maintain current and sufficiently detailed records that enable Sears Holdings to determine their compliance with the Program, and make records available to Sears Holdings representatives upon request. And, all subcontractors involved in the production or storing of SHC merchandise must be registered with the Global Compliance Department prior to production.

Factory Security. Factories must implement minimum security criteria and best practices to help secure our supply chain from terrorist activity based on a set of recommendations developed as a result of the Customs-Trade Partnership Against Terrorism (C-TPAT) initiative with US importers.

Violations

To report suspected violations of the Global Compliance Program Requirements, please contact the Sears Holdings Global Compliance Department by e-mailing laborc@searshc.com.

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