

City Pharmacy Limited

Ethical Sourcing Policy

Introduction

City Pharmacy Limited (CPL) aims to be the most trusted and respected retailer in Papua New Guinea.

To achieve this CPL is committed to conducting and managing our business in a manner that reflects our high ethical and moral values, while ensuring Papua New Guineans never have cause to question our quality or price.

For many years we have sourced our products from a variety of locations nationally and internationally. Our main objective is to source products from countries which we believe support workplace safety and ensure appropriate employment conditions are in place (including fair pay). Similarly, we aim to source from local suppliers that maintain appropriate governance practices to ensure employment rights are upheld.

In recent years, concerns over sub-standard working conditions and environmental degradation in developing and emerging markets has led many companies to make publicly available their policies for the sourcing, production and supply of products.

CPL is making available our policy which is designed to ensure we continue to:

- source our products from reputable suppliers;
- continually improve our own governance over the practices of our suppliers;
- provide clear guidance to our buying staff of our standards and those we expect from our suppliers; and
- protect our brand and reputation within the wider market place.

Our Policy

This policy sets out our minimum requirements and expectations for all our suppliers, wholesalers and agents, whether national or international, which includes requiring each to commit and attest to meeting our ethical standards as outlined. In addition to complying with local laws and regulations, our suppliers, wholesalers and agents must demonstrate continuous improvement within our established standards. This places significant obligations on a number of wholesalers and agents, as a large portion of products are sourced through such means, and we do not have direct contact with the manufacturers of many products.

The standards we expect are aligned to and consistent with standards established by world bodies and other international and national retailers.

Enhancing and sharing this policy with our suppliers, wholesalers and agents will provide further assurance to us that our suppliers support the ethical standards set out in this Policy with regard to workplace safety, environment, and fair pay and employment conditions.

1. Bribery and Corruption

Suppliers shall not engage in acts of bribery and corruption with any official, agency or organisation and shall not falsify documents and records.

2. Labour Rights

- Employment is freely chosen
- There is no forced, bonded or involuntary prison labour
- Workers are not required to lodge deposits or their identity papers with their employer and are free to leave their employer after reasonable notice.

3. Freedom of association and the right to collective bargaining are respected

- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively
- The employer adopts an open attitude towards the activities of trade unions and their activities
- Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace
- Where the right to freedom of association and collective bargaining is restricted under Law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

4. Working Conditions

- A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health in the working environment
- Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers
- Access to clean toilet facilities and to clean and drinkable water and, if appropriate, sanitary facilities for food storage shall be provided
- Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers
- Suppliers will ensure that personal protective equipment is available and workers are trained in its use. Safeguards on machinery must meet or exceed local laws
- Suppliers shall assign responsibility for health and safety to a senior management representative.

5. Child Labour

A "child" is a person who is younger than the local legal age for completing compulsory education. CPL will not work with suppliers who use child labour which deprives children of their childhood, their potential and their dignity, and is harmful to their physical and mental development.

6. Living Wages

- Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event, wages should always be enough to meet basic needs and to provide some discretionary income
- All workers shall be provided with understandable information (preferably written) about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid
- Deductions from wages as a disciplinary measure or any deductions from wages not provided for by Law shall not occur without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

7. Working Hours

- Working hours comply with any local Law and benchmark industry standards, whichever affords greater protection
- Workers shall not on a regular basis be required to work in excess of 60 hours per week and shall be provided with at least one day off for every 7-day period on average. Overtime, shall not be excessive, shall not be demanded on a regular basis and shall always be compensated at an appropriate rate.

8. Regular Employment

- Work performed must be on the basis of a recognised employment relationship established through national law and practice
- Obligations to employees under local labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

9. Harsh or Inhumane Treatment

Employees should not be subject to physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation.

10. Entitlement to Work and Immigration

- Only workers with a legal right to work shall be employed or used by the supplier
- All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation
- The supplier shall implement processes to enable adequate control over agencies with regards to the above points and related legislation.

11. Sub-Contracting and Home Working

- Suppliers must have adequate processes in place for properly managing sub-contracting and home working to ensure sub-contractors do not abuse, exploit or provide unsafe working conditions for their employees.

12. Environment Compliance

- The production facility shall comply with national and local environmental laws and regulations
- The production facility shall dispose of its production waste in accordance with local environmental laws and regulations
- The production facility must have identified and documented its key environmental impacts and implemented controls to minimise its impact on the environment with respect to solid waste disposal, hazardous chemicals storage and management, air and water emissions.

13. Monitoring Compliance

It is expected that all suppliers, wholesalers and agents comply and act in accordance with this policy and are able to provide relevant independent audit, or appropriate and necessary documentation (certificates and patent compliance etc.) to demonstrate adherence.

If a supplier, wholesaler or agent is not able or willing to maintain the standards set out in this policy, any agreement between the supplier, wholesaler or agent and City Pharmacy Limited will be terminated.