

## **California Transparency in Supply Chains Act SB657**

The California Transparency in Supply Chains Act of 2010 (SB657) became effective in early 2012. This law requires large manufacturers and retailers to disclose their efforts to eradicate slavery and human trafficking within their supply chains. The purpose of the law is to educate consumers so that they can make informed decisions and purchase goods from companies that responsibly manage their supply chain.

Dollar General's Mission is Serving Others, and our mission of Serving Others goes beyond the way we treat our customers. Our corporate culture and mission are the reasons we have conducted independent third party supply chain audits of foreign factories that we use for a more than a decade. Our audit procedures are routinely reviewed and updated to remain current with emerging market conditions. Our current factory audit is much different from the audit that we conducted years ago.

### **Verification:**

Dollar General does not own or have financial interest in any factories, nor are we a top 3 customer for the majority of the factories that we use. We have a robust audit program that is designed to identify, and eliminate from our supply chain, any factories that do not meet our ethical standards, such as violations of our policy against the use of child or forced labor. We use a continuous improvement model with factories that are willing to make needed improvements.

Dollar General works with industry organizations and experts to benchmark our program and address evolving issues. As a result we continuously update our program and develop tools to identify cases of forced or child labor, physical or sexual abuse and harassment.

### **Auditing:**

All facilities producing direct import merchandise for Dollar General are audited by an independent third party auditing firm at least annually. We use a combination of announced and unannounced audits plus surveillance audits as needed. We chose third party audit companies with the reputation of having experienced auditors who are experts in identifying false records, conducting worker interviews and otherwise detecting violations of our ethical standards.

The findings of the audit may result in the relationship with the supplier being severed and no product accepted, such as in the case of a facility that uses child or forced labor. In other cases a factory may be suspended for a period of time for failing to make needed improvements in a timely manner.

### **Certification:**

Suppliers must sign the Dollar General Supplier Agreement and agree to abide by our Code of Conduct as well as our Corporate Sociability Standards. Those standards require that the products provided to Dollar General will be manufactured only in accordance with our social accountability standards, including but not limited to:

- No child labor, all workers must be 16 years of age or older if required by law

- No forced or involuntary labor

The vendor is required by the Terms and Conditions on the Purchase Order to warrant that the product is not produced or packaged with the use of child or forced labor, or in violation of any other human rights.

**Accountability:**

All employees and suppliers are governed by the Dollar General Code of Business Conduct and Ethics. Signing the Code of Business Conduct and Ethics is one of the requirements for employment at Dollar General. Violations of the Code can result in discipline or loss of employment. Supplier or factory allegations are investigated, and Dollar General reserves the right to terminate the relationship with any supplier or factory that violates our Code.

Dollar General maintains a vendor manual for suppliers which calls out that we have Zero Tolerance for the use of Child Labor (workers must be at least sixteen years of age) or Forced labor (all types of forced labor to include prison, bonded, and indentured.) We reserve the right to visit at any time all facilities used in the production of goods for the corporation.

**Training:**

Dollar General conducts training for employees with supply chain responsibilities, to increase their understanding of how to recognize signs of ethical violations in the supply chain. Members of our compliance department review any identified factory issues with management and the merchants to keep them updated on how to interpret audit results and auditor comments. In addition we visit and work closely with our overseas offices to ensure a consistent message and complete understanding of our requirements. We educate about the risks in certain countries and product categories, using the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor.