



California Transparency in Supply Chains Act

On January 1, 2012, the California Transparency in Supply Chains Act of 2010 (SB 657) will go into effect. This law increases the amount of information disclosed to address the issues of slavery, human trafficking, forced labor and child labor in supply chains. Craftmaster Furniture, Inc. commends global efforts to eliminate these practices and believes individuals have the right to freely choose employment, to associate freely and be represented by worker councils or labor unions on a voluntary basis, and to bargain collectively as they choose. Additionally, Craftmaster Furniture, Inc. believes individuals have the right to a workplace free of harassment and unlawful discrimination. As a responsible corporate citizen, we seek to ensure that quality and safety standards are maintained throughout our supply chain by well-treated workers in accordance with all applicable laws. We have undertaken the following to ensure our suppliers are not engaging in forced or child labor.

Risk Assessments: Craftmaster Furniture Inc. assesses risks using country specific research guides, government assessments, and industry guidance. Risk assessments are the foundation for the Craftmaster Furniture, Inc. Rules of Conduct Supplier Agreement. This agreement extends our corporate values regarding ethical worker treatment and care for the environment and sets forth compliance with international standards, applicable laws and regulations.

Acknowledgement of Standards: Each Craftmaster Furniture, Inc. supplier is required to commit that they acknowledge and agree to adhere to our Rules of Conduct Supplier Agreement.

Supplier Audits: Compliance with our Rules of Conduct is ensured with routine onsite audits attended by Craftmaster Furniture, Inc. employees and by collaborative audits with suppliers. Additionally, annual unannounced third party on-site audits are administered by a validation team contracted by a retail partner.

Accountability: Craftmaster Furniture, Inc. maintains a zero tolerance policy for human trafficking, forced labor and child labor. If other non-compliance issues arise from a supplier audit, suppliers are required to produce corrective action plans, which Craftmaster reviews and approves.

Capacity Building: Craftmaster Furniture, Inc. partners with nongovernmental organizations (NGOs) to raise awareness of Craftmaster Furniture, Inc.'s corporate values including provisions related to forced labor and child labor. Our capacity building efforts include worker communications training, which provides employees access to raise concerns with superiors.

Employee Training: Craftmaster Furniture, Inc. trains employees responsible for supply chain on-site audits in techniques to recognize and report non-compliance with our expectations. In addition, Craftmaster Furniture, Inc.'s sourcing personnel follow an "eyes always open" approach under which all relevant personnel are trained to recognize environment, health, safety, and labor red flags, including red flags relating to forced labor, and to report and investigate all suspicions of improper conduct.



Rules of Conduct Supplier Agreement

The Rules of Conduct outline minimum standards we require our suppliers to meet. These standards will direct global sourcing strategies and be incorporated into performance evaluations of existing suppliers. Craftmaster places great importance in only working with factories who understand that meeting these minimum standards is a critical foundation from which manufacturing leadership, continuous improvement, and self-governance must evolve.

Craftmaster Furniture, Inc. is committed to collaborating with contract factories to help build a more empowered and equitable supply chain. And, we will continue to engage with governments and the private sector to affect meaningful change to labor and environmental conditions throughout the supply chain.

We expect our suppliers to share Craftmaster's commitment to the goals of reducing waste, using resources responsibly, and advancing the welfare of workers. We believe that partnerships based on honesty, integrity, collaboration and mutual respect are integral to making this happen.

Our Rules of Conduct binds our suppliers to the following specific minimum standards that we believe are essential:

FREEDOM of ASSOCIATION and COLLECTIVE BARGAINING are RESPECTED To the extent permitted by the laws of the manufacturing country, the contractor respects the right of its employees to freedom of association and collective bargaining. This includes the right to form and join trade unions and other worker organizations of their own choosing without harassment, interference or retaliation.

COMPENSATION is PAID in a TIMELY MANNER Contractor's employees are paid on a timely basis and wages meet all legal minimum requirements. Employees are provided legally mandated benefits, including holidays, leaves, and statutory severance at employment end. There are no disciplinary deductions from pay.

HARASSMENT and ABUSES are NOT TOLERATED Contractor's employees are treated with respect and dignity. Employees are not subject to physical, sexual, psychological or verbal harassment or abuse of any kind.

WORKING HOURS are NOT EXCESSIVE Contractor's employees do not work in excess of 60 hours per week, or the regular and overtime hours allowed by the laws of the manufacturing country, whichever is less. Any overtime hours are consensual and compensated at a premium rate. Employees are allowed at least 24 consecutive hours rest in every seven-day period.

REGULAR EMPLOYMENT is PROVIDED Work is performed on the basis of a recognized employment relationship established through country law and practice. The contractor does not use any form of home working arrangement for the production of Craftmaster Furniture Inc. branded or affiliate product.

The WORKPLACE is HEALTHY and SAFE The contractor provides a safe, hygienic and healthy workplace setting, and takes necessary steps to prevent accidents and injury arising out of, linked with, or occurring in the course of work, or as a result of the operation of contractor's facilities. The contractor has systems to detect, avoid and respond to potential risks to the safety and health of all employees.

ENVIRONMENTAL IMPACT is MINIMIZED The contractor protects human health and the environment by meeting applicable regulatory requirements including air emissions, solid/hazardous waste and discharge. The contractor adopts reasonable measures to mitigate negative operational impacts on the environment and strives to continuously improve environmental performance.

As a condition of doing business with Craftmaster, the contractor shall implement and integrate these Rules and accompanying standards and applicable laws into its business and submit to verification and monitoring. The contractor shall post these Rules, in the language(s) of its employees, in all major workspaces, train employees on their rights and obligations as outlined by these Rules and applicable country law; and ensure the compliance of any sub-contractors producing Craftmaster Furniture, Inc. branded or affiliate products.