

BJ's Corporate Brands Social Compliance Audit

BJ's conducts its business in a legal and ethical manner and we expect our business partners to do the same. While recognizing and respecting the cultural and legal differences found throughout the world, The Social Compliance Initiative is designed to ensure that safe and fair treatment of all employees who are involved with the manufacture of products supplied to BJ's.

We hold all of our vendors to BJ's Vendor Code of Conduct, modeled on the UN Supplier Code of Conduct and the International Labor Organization (ILO) Core Labor Conventions. The 12 requirements of the Vendor Code of Conduct cover the compliance with all laws (including industry standards where they exceed local laws), prohibition of forced and child labor, environmental responsibility, and guarantee of a safe and healthy workplace and living environment. As set out below, BJ's works with vendors to remediate any issues of non-compliance to ensure timely, lasting corrective actions.

The majority of factories (84%) are in China. A sample of factories in which we monitored social compliance in FY 2010 also included: Bangladesh, India, Taiwan, Malaysia, Indonesia, and the United States of America.

Grade	Percent of Total Audits
Zero Tolerance	0.0%
Unsatisfactory (non-Zero Tolerance)	4.4%
Needs Improvement	42.9%
Satisfactory	52.7%

Definition of Grades

Zero tolerance Audits: Audits that have findings of any instances of: Bribery Attempts, Child Labor; Forced Labor; Abuse of Labor; Critical Health Safety or Environmental Concerns.

Unsatisfactory (non-Zero Tolerance): Audits that have findings of any instances of: Lack of Proper Paperwork Regarding; Major Laws & Regulations, Major Safety and Health, and any improper paperwork regarding Zero Tolerance (with no observations).

Needs Improvement: Audits that have findings of any instances of: Lack of Proper Paperwork Regarding; Minor Laws & Regulations, Minor Safety and Health, Minor Wages and Benefits, and any missing documentation at the time of audit (i.e. elevator inspector license).

Satisfactory: Audits without findings.

Audit Actions per level:

Zero tolerance Audits: Existing orders are canceled.

Unsatisfactory (non-Zero Tolerance): Future orders may be placed. Follow-up audit is conducted no later than 6 months from the last audit date. Scheduling of audit is dependent on timeframe given for corrections.

Needs Improvement: Future orders may be placed. Orders may ship. Follow-up audit is conducted no later than 12 months from the last audit date. Scheduling of audit is dependent on timeframe given for corrections.

Satisfactory: Future orders may be placed. Orders may ship. Future audits will take place per the Vendor Code of Conduct.