

L A  B O Y[®]



SOCIAL COMPLIANCE SUPPLIER MANUAL

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1. LA-Z-BOY VISION & VALUES

Founded in 1927, La-Z-Boy made the first recliner based on the principals of comfort, innovation and industry-leading craftsmanship. These principles still hold true today and are at the heart of everything we do.

La-Z-Boy's success depends on providing the highest value to our customers through competitive price, high quality, and world-class service. A close, collaborative relationship with our suppliers is essential to delivering maximum value to our customers. La-Z-Boy believes every company has an obligation to conduct business responsibly and ethically and to be a welcome member of the community.

La-Z-Boy is committed to the responsible stewardship of the environment and community by integrating sound and sustainable business practices into our daily business decisions. We believe creating an atmosphere where employees, suppliers and vendors embrace our values is essential to our continued success.

Our Mission

Lead the global furnishings industry by leveraging our expertise in **comfort**, providing the best **consumer experience**, creating the highest **quality products**, and empowering **our people to transform rooms, homes, and communities**.



Suppliers play an important role in the success of La-Z-Boy and the effectiveness of our social compliance program. This manual is aimed at assisting you—our suppliers, agencies and factories—in understanding our commitment to social responsibility and to create a strong, competitive, value-added supply chain. As a requirement for doing business with La-Z-Boy Incorporated and/or its subsidiaries, suppliers are required to conduct business in compliance with the Supplier Code of Conduct and Supplier Product Stewardship Requirements.

This Social Compliance Supplier Manual defines the minimum practices that must be effectively implemented at your factory and applies to all suppliers and contracted manufacturers of parts, components, materials, packaging or tooling to any La-Z-Boy manufacturing plant, distribution center or retail store. It is our expectation that all suppliers perform the necessary self-audits to ensure they are in compliance with the policies detailed in this manual. Please review the standards and commit your company to adhering to the requirements set forth.

Purpose & Values

Purpose Narrative

We are La-Z-Boy Incorporated. Get comfortable with taking your work personally. Get comfortable with uncompromising quality. Get comfortable with caring about your colleagues and the consumers we serve.

When people are comfortable, they are free to be themselves, to be fearless. When people are comfortable, they put others at ease and are more welcoming to different people and perspectives. When people are comfortable, they collaborate in meaningful ways.

Being comfortable brings out the best in us. We believe in the transformational power of comfort.



Courage

We aren't afraid to try something new.

- We are results oriented and can do hard things.
- We do what is right.
- We challenge the status quo.



Curiosity

We are relentless in our mission to understand our business and consumers.

- We ask questions and explore every opportunity.
- We embrace change.
- We test and learn.



Compassion

We honor our almost 100-year legacy that was built on family.

- We lead with empathy in support of each other, our consumers and our communities.
- We foster an inclusive environment.
- We believe in positive intent.



2. LA-Z-BOY SOCIAL COMPLIANCE

OUR MISSION

“La-Z-Boy strives to provide all workers who touch our supply chain with a fair, safe and non-discriminatory work environment. We are committed to holding our business partners, suppliers, contractors and vendors to the standard set out in our Supplier Code of Conduct. We actively seek partners who share our beliefs in fair and safe working conditions and sound environmental practices.”



We respect and promote the Universal Declaration of Human Rights and the International Labor Organization (ILO) conventions that establish international human and labor rights. La-Z-Boy expects all suppliers, contractors, and vendors (collectively referred to here as “suppliers”) to adhere, at a minimum, to the labor and environmental laws and regulations of the country and local jurisdictions where they operate. La-Z-Boy also expects suppliers to be accountable and responsible for ensuring our expectations within this document are also shared throughout their supply chain and hold their contracted manufacturers, subcontractors, third-party labor agencies to the same standards contained in the Code of Conduct and this guideline.

Suppliers must be able to demonstrate full compliance with local and national laws and the Supplier Code of Conduct.

If there are differences in the level of compliance required by the Supplier Code of Conduct, this guideline, and local and national laws, La-Z-Boy expects suppliers to comply with the most stringent standard (the highest standard).

To ensure continued adherence to these standards, La-Z-Boy may require and arrange for onsite audits. After the audit, La-Z-Boy will share the results, including any remediation plans, with the supplier. In case a re-audit is required due to unsatisfactory audit result, supplier may be asked to bear the cost of the re-audit.

At factory where translator is required for interpretation of documents and/or employee interview, supplier may be asked to bear the cost of hiring a translator.

3. DISCLOSURE SCOPE

La-Z-Boy's Expectations

Suppliers and agents are responsible for compliance at the production locations they use to manufacture products supplied to La-Z-Boy. Suppliers and agents are required to **disclose all production locations** meeting any of the following criteria:



Supply product or raw material from country on the U.S. Department of Labor list



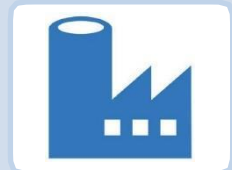
Supply product that is sold as finished goods to La-Z-Boy



Supply product that carries a La-Z-Boy logo or other markings or is used as a visual part that is identifiable on a La-Z-Boy product



Supply product that is produced to La-Z-Boy proprietary specifications

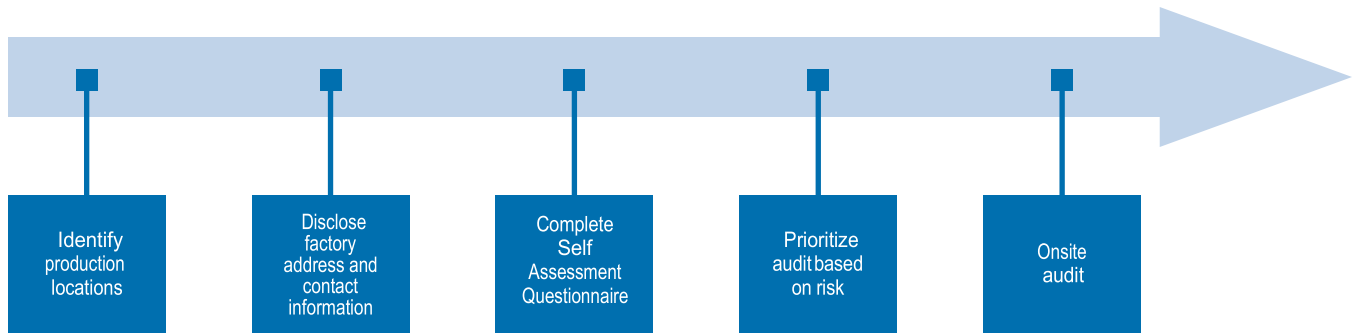


Supply products that will be received in a La-Z-Boy facility without further processing or modification

Exceptions:

- One-time purchase of fixed quantity and no future orders of the same goods are anticipated
- Products supplied are off-the-shelf or generic components
- Suppliers of indirect materials and services for La-Z-Boy

4. LA-Z-BOY SOCIAL COMPLIANCE PROCESS



STEP 1– IDENTIFY PRODUCTION LOCATIONS	Suppliers and agents are responsible for identifying any production location that falls within the scope of the La-Z-Boy Social Compliance program.
STEP 2– DISCLOSE FACTORY ADDRESS AND CONTACT INFORMATION	Suppliers and agents are required to reach out to the La-Z-Boy Social Compliance Team to provide the company’s contact information.
STEP 3– COMPLETE SELF ASSESSMENT QUESTIONNAIRE	Suppliers, agents, and production locations are required to fill out the social compliance Self-Assessment Questionnaire (SAQ). There are five parts in the SAQ, and all five parts need to be filled out.
STEP 4– PRIORITIZE AUDIT	La-Z-Boy will conduct risk analysis based on the SAQ and prioritize audits based on the risk assessment results
STEP 5– ONSITE AUDIT	Onsite audits will be conducted at selected production locations by La-Z-Boy or a La-Z-Boy designated third-party.

5. RECOGNITION OF OTHER PROGRAMS

We understand that many suppliers are subject to social compliance programs and audits by multiple customers. If requested, La-Z-Boy will review the audit reports and take into consideration the results of other customers' social compliance audits, but doing so does not mean that La-Z-Boy accepts the results without making its own assessment. Based on the audit results, La-Z-Boy will determine the time frame of its initial assessment or follow-up audit to verify that issues are resolved.

Audit reports should meet the following criteria to be considered:

CRITERIA	DETAILS
1. AUDIT TIME FRAME	Audits should have been done within the last 12 months.
2. AUDIT INTEGRITY	The full audit report with detailed findings and descriptions must be provided, not only the executive summary of findings. Examples of audits we will consider include SA8000, SMETA, AIM-Progress, BSCI, WRAP, and audits by other customers.
3. AUDITOR	Audits conducted by third-party monitoring firms are preferred to provide an assurance of objectivity. Global audit firms that have independent accreditations are preferred. Names of auditors and auditing affiliations should be disclosed to allow validation.
4. AUDIT SCOPE & PROCESS	Audits conducted should be social compliance assessments (not quality, C-TPAT, ISO 9000) that include a determination of compliance with local law regarding business integrity, humane labor conditions, health and safety and environmental. The audit process should include a factory tour, documentation review and confidential employee interviews to verify compliance.
5. CORRECTIVE ACTION	Findings or violations are tracked, reported and followed up within a reasonable time frame. Proof (e.g., photos, documents, policies) of required remediation is provided with a corrective action plan.

6. LA-Z-BOY SOCIAL COMPLIANCE AUDITS

6.1 AUDIT FRAMEWORK

The framework of the social compliance audit is based on the Labor Section of the La-Z-Boy Supplier Code of Conduct and is divided into the following main sections and sub-sections.

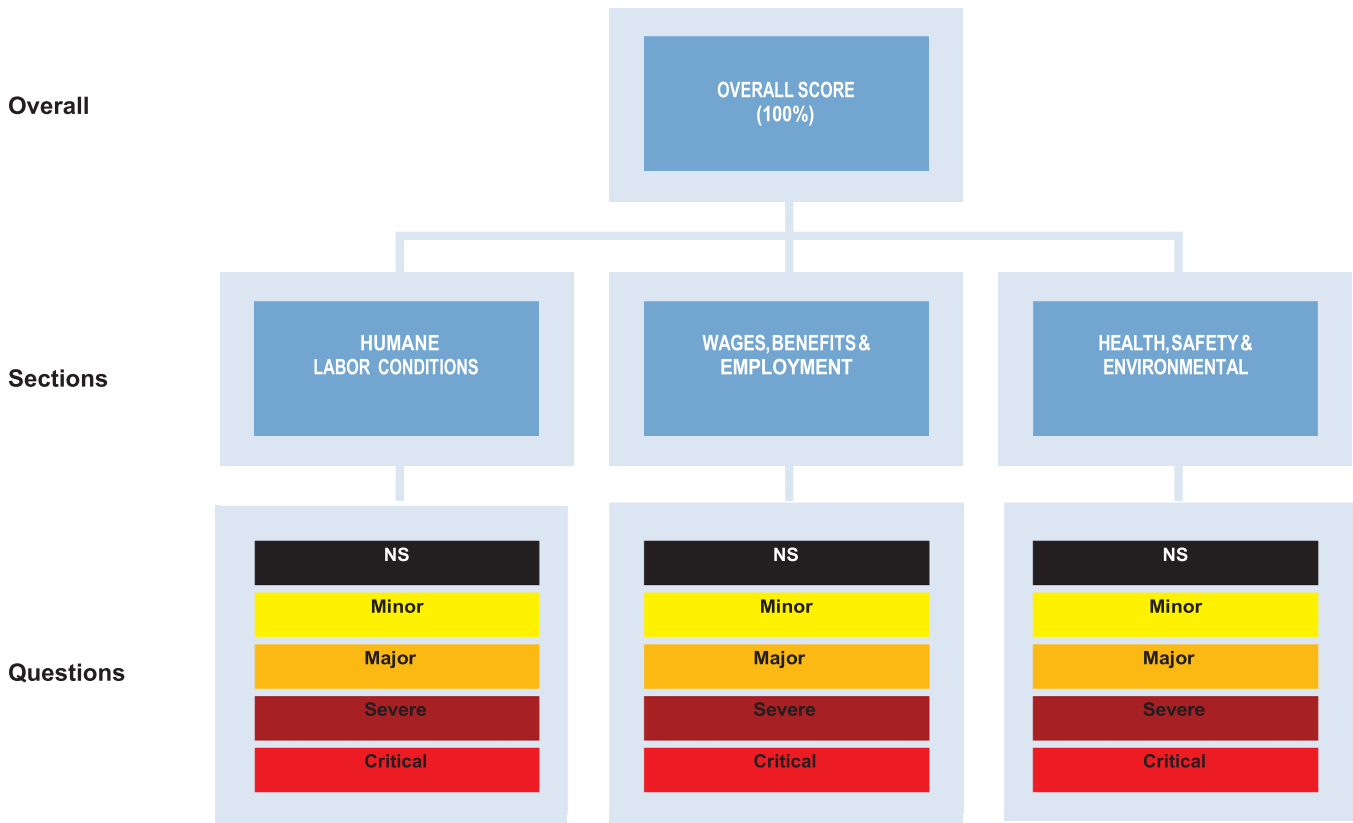
SECTION	SUB-SECTION
HUMANE LABOR CONDITIONS	Child Labor / Young Labor / Protected Group Forced Labor Disciplinary Practices Discrimination and Harassment Freedom of Association
WAGES, BENEFITS & EMPLOYMENT	Business Integrity Monitoring and Compliance Compensation, Benefits & Employment Practices Working Hours
HEALTH, SAFETY & ENVIRONMENTAL	Health & Safety Building Integrity Occupational Safety Occupational Injury & Illness Emergency Preparedness Machinery Safeguarding Chemical Safety Sanitation, Food & Dormitory Environmental Concerns

The questionnaire covers all aspects included in the La-Z-Boy Supplier Code of Conduct. Each question on the checklist is assigned a severity level, which contributes to the overall score that is presented in percentage. Here are the different severity levels and the definitions:

Severity	Definition
NS	Non-Scoring, Data Collection
Minor	Minimal Risk to La-Z-Boy
Major	Possible Risk to La-Z-Boy
Severe	Serious Risk to La-Z-Boy
Critical	Direct Risk to La-Z-Boy, Probation

6.1 AUDIT FRAMEWORK *continued*

The calculation of the overall score from the checklist is based on the overall compliance of the three sections. Sectional score is to illustrate the level of compliance for each section but does not directly contribute to the overall score of the audit. The highest possible score that a factory can receive is 100%.



Our expectation is that each supplier will receive at least 70% in each of the three sections and an overall score of at least 85%. Below is the recommended grading and follow-up required by the supplier:

Assessment Result	
Approved	85% to 100%
Conditionally Approved (Correction action within 180 days)	71% to 84%
Unsatisfactory (Correction action within 90 days)	Total or sectional score \leq 70%
Probation	Whatever final score, if there is critical non-compliance

6.2 AUDIT PREPARATION

The following is a general outline of the audit preparation and procedure. The actual audits may not necessarily follow the exact steps as described. La-Z-Boy will undertake additional steps and request additional information as necessary to ensure a complete understanding of the factory situation. Your full cooperation is appreciated to ensure a smooth and beneficial audit.

HOW TO PREPARE FOR A SOCIAL COMPLIANCE AUDIT

- > **Read the La-Z-Boy Social Compliance Supplier Manual.** It is extremely important that before your audit, you review this document thoroughly and understand all of its contents to ensure all necessary preparation for the audits are made.
- > **Schedule the audit on a normal working day.** In most circumstances, La-Z-Boy will let the supplier know the exact day auditors will visit your factory. Please ensure your factory is in production on the day of the audit (does not have to be for La-Z-Boy's products). La-Z-Boy reserves the right to monitor suppliers through unannounced site visits to verify compliance.
- > **All areas of the factory must be open and available to the auditor during the audit.** Factory should allow auditor to have full access to all factory premises including areas where La-Z-Boy production does not take place and dormitories for workers. If factory has buildings located outside the vicinity of the main premise, notify the auditor and ensure those buildings are accessible by the audit team.
- > **Factory management be present in the audit.** This individual should have full knowledge of the factory operation, and the authority to comply with La-Z-Boy's requests and respond accurately on behalf of the factory owners and management.
- > **Production manager and personnel manager be present in the audit.** These individuals are necessary to answer a series of questions regarding production, machines, hiring practices, compensation and benefits.
- > **Ensure records are available for review on day of audit.** Please refer to Appendix A for the full document checklist. 12 months of original time records and payroll records should be available onsite. Non-employee workers (e.g., seasonal/ temporary production workers, security, janitorial, canteen) may be included in the audit. You should notify any agencies that provide such workers of La-Z-Boy's expectation and request documents kept by agencies to be available on site for review.
- > **Brief workers, union or worker representatives about the audit.** Workers and security are informed about the purpose of the audit and can be available for interview if needed.

6.3 AUDIT PROCESS

The audit process consists of five parts and the auditor's job is to document observations in an objective manner. Auditors do not tell the factory how to manage their business; it is up to the factory to demonstrate compliance to the auditor. When auditors visit a factory, they conduct a thorough assessment that includes walking through the entire factory, looking at complete company records and interviewing workers and management.

PROCESS	CONTENT
OPENING MEETING	<ul style="list-style-type: none"> > Introduction > Explanation of audit process, audit arrangement and time frame > Confirmation of available documents > Coordination of management and factory personnel required for the audit > Understand factory background and worker demography
FACTORY TOUR	<ul style="list-style-type: none"> > Walk through the entire factory; inspect conditions of building including the dormitories and canteen > Understand the factory operation and setup > Collect data on health, safety and other workplace compliance issues
DOCUMENTATION REVIEW	<ul style="list-style-type: none"> > Verify proper business practices and management system of the factory > 12 months of business records should be available onsite for review > Auditor may request additional records if necessary
WORKER INTERVIEWS	<ul style="list-style-type: none"> > Individual or group interviews in private areas with no member of factory management present > Different shifts, gender, worker types would be randomly selected by auditor, but auditor would work with factory to minimize business disruption related to interview scheduling > Understand workers' perspective on how the company's management system and employment practices operate > Summary of comments from interviews would be shared during the closing meeting, but auditor will not identify the interviewees who made the comments
CLOSING MEETING	<ul style="list-style-type: none"> > Auditor presents preliminary findings and shares identified areas of non-compliance > Factory provides further detail and information > Factory asks questions about any area of non-compliance that is unclear

6.4 AUDIT FOLLOW-UP (CAPA)

A corrective and preventative action plan (CAPA) form is sent, together with the full audit report, to the supplier within two weeks of the audit. Upon receipt of the report, the supplier is required to develop and implement a CAPA for any identified non-compliance. Supplier is also required to fill out CAPA form with the developed plans and return it to the auditor via email within one week upon receipt of the form. It is not unusual for a factory's first audit to include various areas of non-compliance.

When areas of non-compliance are found, this may indicate a failure in an internal verification system (the factory's process for making sure the management system works). When creating a CAPA, factory management may need to review how they verify the effectiveness of their management systems. Factories will have a reasonable amount of time to implement an effective CAPA, because significant actions may be required to fully implement the CAPA. La-Z-Boy may visit factories, announced or unannounced, to validate that timelines submitted on the CAPA have been met and non-compliance eliminated.

6.5 AUDIT FAILURE HANDLING

If any critical non-compliance is found, the audit result will be declared as failed regardless of the sectional score or final score. The auditor will announce the audit failure before leaving the supplier site. A failed audit will cause business interruption, and La-Z-Boy reserves the right to take necessary measures to contain and eliminate the direct risks to the supply chain in a timely manner.

The supplier will be on a 90-day probation which will be communicated by La-Z-Boy Sourcing Team and will be followed by actions including production on hold, suspending shipment, and order cancellation until the probation is closed and CAPA is verified. The auditor will make an unannounced visit(s) to the supplier to verify the CAPA of critical non-compliance during the 90-day probation, and any critical non-compliance found during the probation period may result in termination of the business relationship.

6.6 TRIENNIAL REAUDIT

La-Z-Boy will conduct reaudits at all existing suppliers every three years to verify the social compliance status. The reaudit will be conducted following the same procedure as the initial audit.



7. LA-Z-BOY SOCIAL COMPLIANCE STANDARDS

This section elaborates on the Supplier Code of Conduct, which described the level of compliance we expect from suppliers. Headlines labeled “La-Z-Boy’s Expectation” lay out our principles, and we provide our expectations for how you apply those principles.

Each sub-heading is associated with a color to illustrate the potential severity of non-compliance:

Color Score	Definition
Critical	Direct Risk to La-Z-Boy, Probation
Severe	Serious Risk to La-Z-Boy
Major	Possible Risk to La-Z-Boy
Minor	Minimal Risk to La-Z-Boy

In some sections, you will find “Good practice” tips or recommendations for suppliers that can be modified as appropriate to suit your organization’s needs.



7.1 BUSINESS INTEGRITY

La-Z-Boy’s Expectations

Commit to ethical and lawful business practices and maintain high standards of integrity.

- > Comply with all applicable corruption, extortion and embezzlement laws and practices; for example, the Foreign Corrupt Practices Act (U.S.), UK Bribery Act, China Anti-Corruption Laws.
- > Do not offer anything of value to an official, candidate for political office, political party and its agent or affiliates for obtaining business or retaining business.
- > Do not offer any La-Z-Boy employees or any third-party acting on behalf of La-Z-Boy any gifts, payments, fees, services or other favors where these might, or might appear to, improperly influence the employee in performing duties for La-Z-Boy.
- > Maintain records that are honest, accurate and complete, including financial, eligibility to work, documentation of hours worked, wage paid, labor and recruitment contracts. Maintain detailed records of transactions involving La-Z-Boy.
- > Carefully protect information regarding La-Z-Boy and its business, ensuring conformance to applicable regulations and prevailing industry practices when disclosing information.

7.2 CHILD LABOR/YOUNG LABOR/PROTECTED GROUP

La-Z-Boy's Expectations

Child labor as defined by local laws is not to be used. Young workers and protected group (e.g., pregnant workers) should be provided with special protection restrictions.

Critical

7.2.1 Child labor

Work is performed only by persons who satisfy the legal minimum working age. Inform La-Z-Boy immediately if employee under required age is found.

Major

7.2.2 Age verification

Factory has effective procedures to verify the age of a worker prior to hiring and maintains legally accepted age verification records.

- > Communicate policies to all managers, supervisors and workers
- > State the minimum hiring age on job postings and advertisements
- > Verify worker's age—copies of legal proof-of-age documents, including photo identification, birth certificate, or school records, should be reviewed prior to hiring and maintained on file
- > Include legal hiring age, worker's date of birth and date of hiring on employment contract
- > Documents are readily available for inspection during audit

Major

7.2.3. Young workers and protected group

Young workers or protected group (e.g., pregnant workers) are protected per legal requirements, (e.g., excused for medical exams, restriction on working hours, night shifts, job conditions or hazardous substance handling).

Minor

7.2.4. Historical child labor

All workers in the factory should meet the minimum age requirement at time of hire. If any worker who currently meets minimum working age was under required age at time of hiring, factory should demonstrate corrective action taken in hiring procedures to prevent employment of underage workers.

GOOD PRACTICE

Response to child labor found

Factory should have a documented policy and procedure in place to ensure child labor identified will be acted upon immediately (including informing La-Z-Boy).

- > All remediation actions should be in the best interest of child. Factory should remove the child and assist the child to return to school or vocational program or viable alternative

7.3 FORCED LABOR

La-Z-Boy's Expectations

Suppliers shall not engage in or support trafficking in human beings. Forced, illegal, bonded or indentured labor or involuntary prison labor is not to be used. All labor must be voluntary, and workers should be free to leave upon reasonable notice.

Critical

7.3.1 Forced labor

Factory refrains from using forced labor, prison labor, or illegal workers.

- > Workers employed should be legally authorized to work in the country the factory operates in. Accurate and complete documentation is used for all workers to verify employment eligibility and record details of employment (e.g., status, expiry day, document detail).
- > Terms of employment outlined at the time of recruitment will not differ in any way from what is provided at the factory. Workers are not deceived about the employment terms.
- > All work should be voluntary. Workers are not pressured, coerced or threatened financially or otherwise to maintain employment.
- > Workers are allowed to leave their employment at any time without being penalized financially.
- > Employees are not indebted to the factory or recruitment agency in a manner that prohibits them from freely leaving their employment. No worker should pay excessive deposits or bonds for the purpose of recruitment, placement or training.
- > Workers must be allowed to maintain control of their personal identification, work permit or passport. If the factory holds worker documents for safekeeping, it must give clear instructions to the person whose documents are being retained on how to obtain their return within two hours, and obtain the worker's consent, in a language the worker understands.
- > Any prison labor used is part of an approved government program.

Severe

7.3.2 Mandatory Overtime

Overtime practices need to follow acceptable practices based on the laws of the country and by providing workers reasonable time away from work. Overtime expectations must be communicated to workers during the hiring process. Workers should always receive proper notice of the requirement to work overtime.

Major

7.3.3 Appropriate security practice

Security practices at this factory are gender appropriate and non-intrusive.

Major

7.3.4 Freedom of movement

Workers enjoy freedom of movement in the factory and dormitory without any restriction.

- > Workers are free to leave workplace at the end of work shift
- > Workers are free to take reasonable restroom and water breaks without restriction

7.4 DISCIPLINARY PRACTICES

La-Z-Boy's Expectations

Disciplinary policies should follow all legal requirements and ensure all are treated fairly and consistently.

Severe

7.4.1 Minimum wage guaranteed after deduction

Even if deductions from pay are made for infractions or breaking of rules, employees should still receive required minimum wage.

Major

7.4.2 Deduction policy

Factory should have documented deduction rules, including appeal process and outcomes, that are communicated to workers.

Major

7.4.3 Fair disciplinary rules

Disciplinary rules are fair, reasonable and legal or validated by local government authority.

Major

7.4.4 Avoid monetary penalty

Factory should avoid using monetary penalties as discipline except for adjustment of discretionary bonuses.

Minor

7.4.5 Document disciplinary actions

Factory should document disciplinary action taken against workers.



7.5 DISCRIMINATION AND HARASSMENT

La-Z-Boy's Expectations

There is to be no inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment. Supplier shall be committed to a workforce free of harassment and unlawful discrimination. Supplier shall not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity or expression, ethnicity, disability, pregnancy, religion, political affiliation, or marital status in hiring and employment practices such as promotions, rewards and access to training.

Critical

7.5.1 Discrimination

Factory is free from discrimination in employment, promotion, compensation, welfare, dismissal or retirement, etc., based on race, color, age, gender, caste, social background, sexual orientation, ethnicity and national origin, disability, pregnancy, religion, political affiliation, union membership, marital status, medical condition or any other personal characteristics.

NOTE: An exception would be health testing for communicable diseases for workers working in the canteen/cafeteria or where required by law in handling food.

GOOD PRACTICE

- > Unless required by law or for reasons of health and safety (for example, chemical exposure), factory should not ask female applicants about their pregnancy status, nor require pregnancy testing of female workers.
- > In some countries, it is a common practice to include the preferable gender, age or height of applicant in recruitment advertisement, but these preferable criteria could lead to discrimination. Using phrases such as “young and strong,” “male preferred,” or “age 40 or below” is not advisable. When writing the job description and person specification, you should state clearly what tasks the worker will do and what qualifications and skills the worker will need. The description for recruitment of worker for warehouse might look like this: “Warehouse workers wanted. Applicant should be able to lift 30kg weight and operate forklift. 3 to 5 years of working experience preferred.”

Critical

7.5.2 Harassment and abuse

The factory is free from sexual, psychological, physical, verbal harassment, abuse, intimidation and bullying, and the threat of any such treatment.

Major

7.5.3 Equal treatment

Equal compensation for equal work for workers (regardless of male vs. female, local vs migrant, age, etc.) exists at the factory.

7.6 FREEDOM OF ASSOCIATION

La-Z-Boy's Expectations

Supplier should recognize the rights of worker to choose whether or not to associate with or establish any group, as permitted by and in accordance with all local laws and regulations.

Major

7.6.1 Freedom of Association

Factory does not require that workers not be union members as a condition of hire or to maintain employment. Workers have the right to bargain collectively where such rights exist.

Major

7.6.2 Worker representation

There should be a system in place for workers to elect their own representatives and spokespersons.

Major

7.6.3 Grievance mechanism

A fair and effective mechanism should be established for employee feedback and to resolve grievances and to facilitate communication with senior management. An effective grievance would include the following elements:

- > Grievance reporting procedures in place, communicated to workers and posted
- > A procedure for management to follow up on a reported case. The procedure should also allow a worker to report a grievance against a supervisor to an impartial entity.
- > Worker confidentiality
- > Appeal system is in place
- > No penalty, dismissal or reprisal to workers who report a grievance



7.7 MONITORING, COMPLIANCE AND EMPLOYMENT PRACTICES

La-Z-Boy's Expectations

Supplier shall comply fully with all applicable national, state and local laws and regulations related to labor, immigration, health and safety, and environment.

Critical

7.7.1 Auditor access

Auditor should be allowed full access to record and documentation review

Major

7.7.2 Legal permit and license

Factory should have all permits and licenses required by national and local laws and regulations.

Major

7.7.3 Government fine or warning

Factory should be free from fine or government warning regarding violation of laws and regulations.

Major

7.7.4 Employment contracts

Employment contracts should be signed with ALL workers where legally required and comply with legal requirements (e.g., employment conditions clearly stated) including location of employment, wages breakdown, probation period and duration of contract. The terms and conditions of employment should be provided in a language understood by the worker.

Major

7.7.5 Legally complied employment practices

Maintain proper employment practices as required by law (e.g., health check, probation period, seniority pay, work permits, personnel files and documentation).

Minor

7.7.6 Verify compliance of subcontractor

Factory should have a contractual agreement with its subcontractor and verified compliance to any code of conduct.

7.8 COMPENSATION AND BENEFITS

La-Z-Boy's Expectations

Employees shall be paid at least the minimum wage required by national, state and local laws, including overtime compensation at the rate application in their country and shall be provided legally mandated benefits.

Critical

7.8.1 Genuine payroll records

Factory should have a system in place to record compensation accurately and consistently. Complete payroll records must clearly show correct wage calculation of regular and overtime hours worked, regular and overtime wages, bonuses and deductions. Records are genuine and without discrepancies.

Severe

7.8.2 Minimum wage

All employed workers including hourly-rated, piece-rated, trainees, apprentices and workers on probation should receive at least minimum wage all hours worked per law or local regulations.

Major

7.8.3 Accurate and sufficient months of payroll records kept

At least 12 months of records are kept and available to verify compliance with compensation and benefit standards

Major

7.8.4 Records kept for all type of workers

Records are kept for all type of workers employed including security, kitchen staff, home workers, agency or subcontract workers.

Major

7.8.5 Overtime compensation

Factory should pay all workers the applicable overtime premium rate for all overtime hours worked.

Major

7.8.6 Wage schedule

Factory should observe the country's legally required timing and method to pay and, in case of wage delay, follow legal requirements such as paid interest and ensure appropriate approvals by unions and/or workers.

Major

7.8.7 Legal deduction

Factory should only make legally allowed deductions from workers' wages. If deductions for benefits (e.g., food, housing, utilities) are made, workers should have the option to opt out of these benefits unless mandated by law. Under no circumstance should factory use deduction as a method of disciplinary action.

Major

7.8.8 Insurance for workers

All workers should be provided with legally-required medical insurance, social insurance, pensions, etc.

Major

7.8.9 Benefits

All workers are provided with leaves, benefits, bonuses and work holidays as mandated by law.

Minor

7.8.10 Detail payslips

Payslips with detail breakdown (e.g., days worked, regular and overtime hours, gross wages, bonuses allowances and legal contractual deductions, other deductions and net pay).

7.9 WORKING HOURS

La-Z-Boy's Expectations

Working hours and rest days must be consistent with national, state and local regulations and not excessive.

Critical

7.9.1 Genuine time and attendance record

Factory should have a system in place to record working hours accurately and consistently. Records are genuine and without discrepancies.

Severe

7.9.2 Over 21 consecutive work days

Workers should be free from working more than 21 consecutive days.

Major

7.9.3 Accurate & sufficient months of time records kept

At least 12 months of records are kept and available to verify compliance with working hours.

Major

7.9.4 Records kept for all type of workers

Complete time records and attendance records must be kept for all types of workers employed including security, kitchen staff, home workers, agency or subcontract workers. Exact time in and time out, rest days and time off should be recorded.

Major

7.9.5 Working hours and overtime

Factory should not exceed the legally allowable limits of standard working hours and overtime hours. Written approval from any local government permitting overtime more than normally applicable law is not acceptable to permit additional overtime hours.

Major

7.9.6 Rest day

Workers should be given at least one day off per seven calendar days unless law is more stringent.

Major

7.9.7 Legal rest period and breaks

Workers are provided with legally mandated rest periods and breaks.

7.10 HEALTH & SAFETY

La-Z-Boy's Expectations

All La-Z-Boy suppliers must provide a safe and healthy working environment to prevent accidents and injuries in accordance with national, state and local laws. Proactive measures must be taken to prevent workplace hazards.

Critical

7.10.1 Threat to workers' lives, limbs and functions

Workers are provided with a safe working environment and protected from unsafe working conditions that constitute immediate threat to their lives, limbs or functions.



7.10.1 BUILDING INTEGRITY

Major

7.10.2 Building integrity

All site buildings maintained in good condition in both physical appearance and structure.

7.10.2 OCCUPATIONAL SAFETY

Major

7.10.2.1 First aid kits

First aid kits available in each workplace and fully stocked with supplies.

Major

7.10.2.2 Personal protective equipment (PPE)

Appropriate personal protective equipment (PPE) such as goggles, masks, gloves, earplugs/earmuffs, boots or protective clothing provided at factory cost and in fully acceptable condition.

Major

7.10.2.3 Working at heights

Adequate safety precautions are in place to protect workers working at height.

- > Stairways/platforms/elevated floors/outdoor ladders should be guarded by handrails or guardrails and in good condition for use.
- > Loading dock should be chained up/ guarded when not in use. There should be markings at the edge of loading dock to show the height difference.

Minor

7.10.2.4 EHS committee

Environmental, health and safety (EHS) committee established with members representing the various shifts, functions and levels.

Minor

7.10.2.5 Health and Safety Training

Training on health and safety (including use of PPE, hazard control, etc.) arranged regularly for all workers.

GOOD PRACTICE

Promotional material may be shared via rewards/recognition, communication boards, posters, banners, Single Point Lessons, Safety Alerts, permanent safety notices and other printed materials. The criteria for selection of promotional material may be based on one or more of the following:

- > Plant injury/illness trends
- > Local, regional or corporate injury and incident experience.
- > Other injury statistics
- > Topics aimed at increasing awareness of special hazards (off-the-job safety, etc.)
- > Specialized health and safety work procedures
- > Results of health and safety inspections/audits
- > General health and safety rules

7.10.3 OCCUPATIONAL INJURY & ILLNESS

Major

7.10.3.1 Accident and injury record

Factory documents all near misses, accidents and injuries in the workplace and implements effective correction and preventative actions to prevent reoccurrence.

- > Keep statistical record of the most occurred injury.
- > All injury, accidents and near misses are documented and investigated.
- > On the injury record, include detail of workers, the incident description, diagnosis of injury, treatment given, number of sick days taken by workers and cost of injury or accident (e.g., workers' compensation claim, medical cost, damaged property).
- > Conduct root-cause analysis of the accident. Complete and track all corrective and preventative actions, and lessons learned communicated to all workers.

Major

7.10.3.2 Occupational health check

Arrange regular health examinations for workers exposed to hazardous substances and followed up as recommended.

Minor

7.10.3.3 First aid trained persons

Adequate number of workers are trained in first aid and available in all shifts. Trainings are renewed at least once every 12 months or per legal requirements.

Minor

7.10.3.4 Medical facilities

In-house clinic or first aid station setup at the factory with competent personnel as required by law.



7.10.4 EMERGENCY PREPAREDNESS

Severe

7.10.4.1 Unobstructed fire escape route

All fire exits and escape routes unobstructed and unlocked during work hours.

Major

7.10.4.2 Fire certificate

Factory received valid fire inspection certificates issued by national or local fire service authority.

Major

7.10.4.3 Evacuation route and plot plan

Evacuation routes are clearly marked and evacuation plot plan posted in the work areas with clear directions on how to exit and indicate reader's position.

- > At any position on the work floor, signage should be visible to point to the closest emergency exit. Evacuation direction should be marked by a line or arrow on the floor.
- > Evacuation plan should be posted and indicate "You are here" and align with reader's direction.

Major

7.10.4.4 Fire extinguishers

Fire extinguishers are correct for the nature of operations in terms of quantity and type and are properly installed, maintained and readily accessible.

Major

7.10.4.5 Fire detection & alarm

Effective fire detection system (e.g., fire alarm, sprinkler) is installed on each floor of the factory and maintained properly. In noisy environments, the sound signal is complemented by a light signal.

Major

7.10.4.6 Evacuation drill

Fire drills and evacuation drills are conducted at least once per year, or more often as required by law, on ALL shifts.

Major

7.10.4.7 Adequate number of escape routes

Fire exits and escape routes adequate on each factory floor. Factory should have at least the minimum number of emergency exits as per legal requirements. In absence of law, factory should have more than one emergency exit for workshop of more than 50 people.

Major

7.10.4.8 Emergency exit sign and lighting

Emergency exit routes should be marked and lighted with visible and operable emergency lights. Emergency lights should be fire-graded industrial lights for use in smoke and fire environments. A secondary power source should be connected to the lights in case of electricity power failure.

Minor

7.10.4.9 Exit doors

Emergency evacuation exit doors should be side-hinged and swing in the direction of exit travel. Emergency exit should operate with a push bar or single motion operation and not require special key or knowledge to open. Bolt locks are not recommended. If sliding doors are used, they should be open at all times during the work shift with a measure to fix the door in place.

7.10.4 EMERGENCY PREPAREDNESS

GOOD PRACTICE

Emergency Response Plan An emergency plan specifies procedures for handling sudden or unexpected situations. An effective emergency plan may prevent severe losses such as multiple casualties and possible financial collapse of the organization. Plans shall be reviewed and updated at least annually. Plan content shall include at a minimum:

1. Fire Evacuation and Response
2. Severe Weather and Take Cover Plan
3. Medical Emergency Plan
4. Behavioral Emergency / Workplace Violence Plan
 - > Communication plans shall address all aspects including the posting of emergency numbers, reporting the emergency, dispatch procedures for first responders, primary and backup communication devices for response personnel, notification flowcharts, and the maintenance of emergency contact numbers.
 - > Emergency contact numbers shall be updated as changes are known and annually in conjunction with plan review.
 - > Notification and emergency contact plans shall consider internal personnel at the local and corporate levels and external personnel such as contractors, service providers and government agencies.
 - > Authorized public affairs representatives and government liaisons or local personnel authorized to speak on behalf of the company shall be designated.



7.10.5 MACHINERY SAFEGUARDING

Major

7.10.5.1 Machinery safeguard

Adequate guarding or devices should be installed for all moving-rotating parts of machines, blades, pulleys and belts or any other dangerous parts of machines.

Major

7.10.5.2 Lockout/tag out

Machinery must have proper emergency stop switches and power isolation equipment. Lockout/tag out should be used during maintenance repair.

Major

7.10.5.3 Safety hazards control

Administration and engineering controls are in place to reduce worker exposure to harmful substance and hazardous conditions (e.g., heavy lifting, skin irritants, wood dust). Provide necessary PPE, reduced shift hours, dust collector, ventilation fans, cranes or assistive machinery.

Major

7.10.5.4 Electrical wiring and safety

Electrical wires installed are in fully acceptable condition and adequately protected (without exposed wires).

Minor

7.10.5.5 Machine maintenance and inspection

Regular inspection should be conducted and valid inspection certificates obtained for special machinery (e.g., boilers, elevators, pressure vessels per local regulation).

Minor

7.10.5.6 Machine operator training

Operators of special machinery equipment are trained and qualified per local regulations.

7.10.6 CHEMICAL SAFETY

Major

7.10.6.1 Chemical storage

Chemicals are properly labelled and stored to avoid leakages.

- > Secondary containment is in place (in both storage area and location where chemical is used) to prevent mixing of chemicals during leakage
- > Anti-explosive lamps and circuits are installed to prevent risk of fire from sparks resulting from switching on and off the lights in chemical storage area
- > Proper grounding of metal chemical tanks is in place to prevent static-electricity accidents when transferring chemicals to smaller tanks

Major

7.10.6.2 Eyewash and shower

Emergency eyewash or shower stations are readily available to employees where chemicals are used and stored. Eyewash should be of normal pressure and with two-socket. Proper signage for eyewash or shower is posted.

Major

7.10.6.3 Chemical hazard control

Administration and engineering controls are introduced to reduce personnel exposure to chemical hazards.

- > Proper PPE (e.g. goggles, gloves, protective clothing) should be in place for workers who handle chemicals
- > Chemical inventory is kept for all hazardous chemicals imported and used at the site
- > Exhaust fans and ducts are installed to improve air ventilation

Minor

7.10.6.4 Material Safety Data Sheets (MSDS)

Material Safety Data Sheets (MSDS) available for all chemicals in employees' language and posted at locations where chemicals are used.

7.10.7 SANITATION, FOOD AND DORMITORY

Severe	7.10.7.1 Unobstructed fire escape route Dormitory exits must remain unblocked and unlocked for emergency evacuation.
Major	7.10.7.2 Structural integrity for dormitory building All dormitory buildings should be maintained in good condition in both physical appearance and structure. The physical condition of building and surrounding property such as walls, floors and sidewalks is to be maintained free of damage that can cause personal injury.
Major	7.10.7.3 Dormitory separated from production area Dormitories are separated from the production and warehouse building.
Major	7.10.7.4 Housekeeping Dormitories are kept clean, safe and well lit.
Major	7.10.7.5 Firefighting and detection Effective fire alert and fighting system (e.g., fire alarm, fire hydrant/fire hose or sprinkler) are installed on each floor of the dormitory.
Major	7.10.7.6 Evacuation drill Fire drills and evacuation drills are conducted in the dormitory at least once every 12 months or more frequently as required by law.
Major	7.10.7.7 Food permit for canteen Valid and current food permit, food license or hygiene certificate for kitchen or canteen is maintained as required by law.
Major	7.10.7.8 Health certificate for food handlers Valid and current food handler, health certificate or health examination is maintained for food handling personnel as required by law.
Major	7.10.7.9 Gender segregated facilities Toilets and showers facilities should be segregated by gender.
Minor	7.10.7.10 Housing conditions Adequate living space is given to each worker and meets the requirements of relevant national regulations. Dormitory should be separated by gender (except for couples) and maintained at adequate temperature, ventilation and lighting.
Minor	7.10.7.11 Canteen sanitation Kitchens, canteens and dining halls are clean and well maintained.
Minor	7.10.7.12 Adequate sanitation facilities Adequate number of washroom facilities (including flush and washing basin) should be clean, functioning, well-lit and well-ventilated.
Minor	7.10.7.13 Portable water Portable water should be accessible and adequate on each factory floor
Minor	7.10.7.14 Working environment Factory should maintain a suitable working environment with respect to ventilation, temperature, lighting, cleanliness and tidiness.

7.11 ENVIRONMENT

La-Z-Boy's Expectations

All La-Z-Boy suppliers shall comply with all applicable national, state and local environmental laws and regulations, including, but not limited to, laws related to air emissions, water discharges, toxic substances and hazardous waste disposal.

Major

7.11.1 Discharge permit

Factory should have all required permits, licenses and registrations for discharge and disposal and kept current.

Major

7.11.2 Discharge and emission

Factory should be in compliance with national and local laws and regulations regarding discharge of solid waste, waste water and air emissions.

Major

7.11.3 Environmental violation

Factory should be free from any environmental violations resulting in monetary penalties or non-monetary sanctions.

Major

7.11.4 Hazardous substances management

Factory should be in compliance with national and local laws regarding hazardous substances management.

Minor

7.11.5 Environmental impact analysis

Factory should conduct an environmental impact analysis on its operation and put in place procedures to minimize the environmental impact.

Minor

7.11.6 Discharge record

Records of waste handling and disposal are kept.

APPENDIX A- DOCUMENT CHECKLIST

The following records should be available for auditor review on audit day. This list is for reference only and is not exhaustive. Other documents may be requested by auditor before, during, or after the audit. If records are kept in a location outside of the factory premises, the factory should notify the auditor beforehand.

Workers are defined as:

- > **Direct workers:** production or non-production workers (may include kitchen workers, housekeeping, security guards, etc.) and are directly employed by the factory.
- > **Non-employee workers:** are not directly employed by factory, they can be production workers employed by agency that provides manpower service or workers of in-house subcontractor that supplies product, completes a process (e.g., printing, laminating etc.) or provides services (e.g., security, catering, cleaning, etc.) for the factory and are located inside the factory.

1. Factory Floor Plan/Layout

2. Factory Records

- > Business registration/license
- > Lease, or rental agreements for companies using part of the building
- > Production process
- > Factory regulations and worker handbook
- > Dormitory rules and regulations
- > Wage calculation method
- > Fire safety documentation/fire certificate
- > Construction approval, structural integrity inspection or certification
- > Environment impact assessment report or approval
- > Discharge permit
- > Hazardous waste collection contract and license
- > Wastewater discharge/waste air emission testing report
- > Worker grievance mechanism process and records
- > Union contract/collective bargaining agreement

3. Workers' Records

- > Employee name list
- > Personnel file
- > Employment contracts
- > Timecards or attendance records AND payroll records for paid wages including straight pay and overtime pay of last 12 months, starting with the most recent pay month, for all workers (full time, part time, hourly, piece rate, homeworkers, contract and temporary)
- > Wage deduction/fine record/deposit list/training fee receipt
- > Pay slip/ wage sheet with workers' signature
- > Social security payment record
- > Leave application
- > Resignation letter/record
- > Health check record and registration for young workers (if applicable)
- > Employment check-up/annual medical check-up/ occupational health check for production workers/ canteen workers/young workers should be available.

4. Health and Safety Records

- > Work accident and work-related injury handling process, records and investigation reports
- > Worker training records and licenses such as induction training, equipment operation training, first aid, health and safety, emergency response personnel training, handling hazardous material, etc.
- > Fire safety policy, procedure, responsibility and meeting minutes
- > Emergency preparedness plan and routine inspection records (e.g., fire alarm, fire extinguisher, firefighting equipment, electricity safety)
- > Fire drill records and evacuation plan
- > Factory equipment maintenance records and certificates (e.g., finishing station, dust collection, cargo lift, forklift)
- > Worker professional licenses and equipment operator permits (e.g., boiler, forklift, electrician, etc.)
- > Hygiene certificate and health check record for canteen staff
- > List of hazardous chemicals used or stored at the factory and MSDS (Material Safety Data Sheets)
- > Lockout/tag-out procedures and training record

REVISION HISTORY

Rev Level	Date	Description
v.1	1 June 2017	Release
v.1.1	1 Oct 2018	<p>The following area was updated in this version:</p> <ul style="list-style-type: none"> • Section 2- Cost of re-audit and translator hiring • Section 6.1- Sectional score, overall scoring calculation & assessment result definition • Section 7- Change of findings severity level <ul style="list-style-type: none"> ○ From Severe to Critical ->'Denial of auditor access', 'Falsified payroll record' and 'Falsified time record' ○ From Severe to Major -> 'Inappropriate security practice', 'Equal compensation for equal work', 'Accurate & consistent payroll record', 'Accurate & consistent time record', 'Accident & injury record, 'Machinery safeguard' and 'Lockout/tag out system'.
V.1.2	6 Feb 2023	<p>The following area was updated in this version:</p> <ul style="list-style-type: none"> • Mission statement and company value • Manufacturing location disclosure process • SAQ • CAPA process • Follow-up audit and triennial reaudit process