

California Transparency in Supply Chain Act of 2010 (SB 657)

The California Transparency in Supply Chain Act of 2010 (SB 657) was signed into law in September 2010. The Act went into effect on January 1, 2012 and requires retail companies and manufactures doing business in California with annual worldwide gross receipts of more than \$100 million to disclose their efforts to eradicate slavery and human trafficking in their supply chains.

To prevent and help eliminate instances of slavery and human trafficking in the supply chain, Tractor Supply maintains a strict code of conduct for its Vendors and their contractors. TSC reserves the right to audit Vendors facilities to ensure compliance with the stated code of conduct.

Verification:

Tractor Supply has a strict policy prohibiting the use of forced or child labor in the manufacturing of the merchandise that it purchases. Tractor Supply Company's Vendors and their contractors shall comply with the Fair Labor Standards Act, the Occupational Safety and Health Act, and all other applicable Laws for merchandise produced in the United States. Tractor Supply Company's Vendors and their contractors shall comply with the laws of the country where merchandise is produced, pertaining to these subjects, when the merchandise is manufactured outside the United States. At a minimum Tractor Supply Company's Vendors and their contractors must meet the following standards of conduct:

- **Forced Labor:** Vendors and their contractors do not use any forced labor – prison, indentures, bonded or otherwise, and do not permit the use of corporal punishment;
- **Child Labor:** Vendors and their contractors do not employ any person below the age of 16, or do not employ any person under the legal minimum age where local standards are higher;
- **Human Slavery / Human Trafficking:** Vendors and their contractors are not involved in human slavery or human trafficking;
- **Compensation:** Vendors and their contractors pay at least the legally required minimum wage;
- **Benefits:** Vendors and their contractors comply with all provisions for legally mandated benefits, including but not limited to housing, meals, transportation and other allowances, health care, child care, sick leave, emergency leave, pregnancy leave, vacation, religious, bereavement and holiday leave; and contributions for social security, life, health, worker's compensation;
- **Hours of Work/Overtime:** Vendors and their contractors comply with legally mandated work hours and use overtime only when employees are fully compensated according to local law and informs the employee at the time of hiring if mandatory overtime is a condition of employment;
- **Health and Safety:** Vendors and their contractors have written health and safety guidelines;
- **Environment:** Vendors and their contractors comply with applicable country environmental regulations;
- **Equal opportunity:** Vendors and their contractors provide equal employment opportunities for workers based on their ability rather than on the basis of personal characteristics or religious or other beliefs;
- **Applicable Laws:** Vendors and their contractors comply with the applicable laws and regulations of all governmental authorities having jurisdiction over their facilities, operations, transportation and/or products.

Auditing:

Tractor Supply engages third party firms to perform an annual social audit of all foreign manufacturers. The audit is based on the internationally recognized SA8000 standards.

The goals of the social audit are to determine if the following conditions are met:

- Employment at will
- Working conditions meet minimum local law requirements
- Fair employment practices are utilized and employees are compensated fairly

The audit evaluates the supplier based on a physical inspection of the production facility and a verification of records relating to:

- Employee terms and conditions of employment
- Employee proof of age
- Time clock records and payroll registers

Foreign suppliers must pass this social audit prior to doing business with Tractor Supply. Suppliers continuing to do business with the company after one year are subject to an annual re-audit. Failure to meet audit requirements will result in necessary corrective actions and/or termination of the business relationship between Tractor Supply and the supplier.

Certifying:

In Tractor Supply Company's Vendor Agreement, the vendors are agreeing to comply with the applicable laws and regulations of all governmental authorities having jurisdiction over their facilities, operations, transportation and/or products.

Accountability:

We require all Tractor Supply Company employees to comply with our Code of Ethics. Service Providers, Vendors and their contractors are expected to act ethically. As with other alleged violations of policy we will investigate the issue and take the appropriate action up to and including termination of employees and termination of agreements for Service Providers, Vendors and their contractors.

Training:

Tractor Supply does have a formalized training program for designated employees on the issue of human trafficking and slavery.