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## Modern Star's Ethical Sourcing Policy Statement

*Modern Star Pty Ltd and its subsidiary companies including Modern Teaching Aids, Modern Brands, CleverPatch, Zart Art, Educational Vantage, Learning Can Be Fun, Educational Colours, Parent Direct, Kesco Educational and Kangaroo Educational are committed to building a business which sources products in an ethical and socially responsible manner.*

Updated 18 September 2018.

### Part 1 – Policy Goal

The aim of this policy is to ensure that Modern Star sources products in an ethical and socially responsible manner.

### Part 2 – Policy Scope

Our Ethical Sourcing Policy applies to all products that are sold in connection with Modern Star's business activities.

### Part 3 – Policy Overview

To ensure that Modern Star meets its policy goal, it has developed a Responsible Sourcing Policy ("Rule of 12") which sets out our core values. These values are integral to how Modern Star does business and we expect our suppliers to respect and promote these values in their factories throughout the world.

Core to these values are prohibition of child labour and forced labour, prohibition of harassment, payment of legal minimum wage, provision of a healthy and safe working environment, freedom of association and collective bargaining and compliance with all applicable laws and regulations in the countries in which these factories operate.

In addition, by signing up to the policy, suppliers must agree to use best endeavours to responsibly source all raw materials and are specifically tasked with verifying that any wood contained in the products that they supply has not been illegally logged.

Modern Star acknowledges that sourcing products in an ethically and socially responsible manner will involve a long road of continuous improvement, but we have started along that road and are committed to the journey.

Policy Name	Version #	Release Date	Review Date	Authorised by
Ethical Sourcing	1	September 2018	September 2019	CEO

## Part 4 – Modern Star’s Rule of 12

The Modern Star Ethical Sourcing Policy (“Rule of 12”) can be summarised as:

1. **No Child Labour** – Suppliers must not employ a worker under the minimum age according to national laws, and in any event not employ workers under 14 years.
2. **No Forced Labour** – Suppliers shall not allow any forced or involuntary labour.
3. **No Harassment or Abuse** – Suppliers must provide a work environment free of harassment, unlawful discrimination and free of corporate punishment in any form.
4. **No Excessive Overtime** – Suppliers must ensure that the hours worked each day, and days worked each week, are within legally accepted maximums. Any overtime worked must be voluntary.
5. **No Bribery or Corruption** – Suppliers must apply professional business ethics to all their dealings and maintain transparent documentation and records.
6. **Appropriate Compensation and Benefits** – All suppliers must agree to pay at least the minimum total compensation required by local law, including all mandated wages, allowances and benefits.
7. **Compliance with Laws** – Suppliers must meet their contractual obligations to Modern Star and their own suppliers and comply with all applicable local/national laws and regulations
8. **Healthy and Safe Work Place** – Suppliers shall provide a safe and healthy work place as per minimum requirements of the local and regional laws.
9. **Freedom of Association** – Suppliers must recognise and respect the rights of employees to exercise their lawful rights of free association and collective bargaining.
10. **Environment** – Facilities operated by suppliers must comply with environmental rules, regulations and standards applicable to their operations. Suppliers must observe environmentally conscious practices in all locations where they operate.
11. **Sub-Contractors** – Suppliers must ensure that all sub-contractors and suppliers providing materials or labour in the manufacture of products for Modern Star have an ethical sourcing programme which aligns to the Modern Star Ethical Sourcing Policy.
12. **Compliance with the Rule of 12** – Suppliers must confirm their understanding of an commitment to the Modern Star Responsible Sourcing Policy.

## Part 5 – Policy Enforcement

All new suppliers are required to confirm their understanding of and commitment to the Rule of 12 as part of the onboarding process.

All existing suppliers are required to submit an annual declaration confirming their continuing commitment to the Rule of 12.

As part of the policy, suppliers are required to provide Modern Star with a list of their factory locations at the start of each calendar year and provide Modern Star copies of current factory audits (WRAP, BSCI, ICTI, SEDEX, SA 800). For factories with no current accreditation, Modern Star reserves the right to

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Ethical Sourcing	1	September 2018	September 2019	CEO

undertake an announced factory audit. The purpose of these factory audits is to ensure that suppliers understand and adhere to the Rule of 12.

Where suppliers are found to be in breach of the Rule of 12, but Modern Star believes that the breach can be rectified, Modern Star works with the supplier to ensure that corrective action is taken and improvements are made. Breaches involving child or forced labour are not tolerated and will result in immediate termination of the supplier.

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