



**MAHBOBA'S
PROMISE**

An Australian Aid Organisation

Ethical and Social Procurement Policy

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1. Introduction

The Ethical and Social Procurement Policy ('the Policy') has been written to address how we conduct business with our suppliers, together with the expectations that we have of our suppliers regarding the way that they conduct their business and applies to all Mahboba's Promise purchases of goods and services.

2. Purpose

Mahboba's Promise is committed to upholding human rights, fair working conditions and environmental protection.

In accordance with the expectations of our stakeholders and the requirements of the Law, we endeavour to always operate responsibly within the community and we expect the same from our suppliers.

Maintaining a reputation for the highest legal, moral and ethical standards in our dealings with our key stakeholders is critical for our ongoing success. The Policy has been developed to compliment our core values integrity, trust and acting responsibly.

In order to address these concerns this Policy has been introduced to ensure that Mahboba's Promise is:

- Sourcing its products in a responsible manner;
- Working with its suppliers to improve their social and environmental practices;
- Providing clear guidance to its buying staff; and
- Protecting its corporate reputation, the reputation of its individual businesses and their brands.

3. Scope of Policy

This Policy is intended to apply to all Mahboba's Promise activities. The Policy is applicable to all Mahboba's Promise employees and volunteers who engage with the process of product and service procurement or with suppliers of services. The Policy also extends to Mahboba's Promise partners and associated implementing organisations.

4. Background

Mahboba's Promise aims to provide effective sustainable overseas development aid to disadvantaged and vulnerable individuals and communities in Afghanistan through the provision of education, sanitation, primary health care, training and agriculture programs.

As part of its compliance with the ACFID Code of Conduct, Mahboba's Promise expects its suppliers to support the ethical and social standards set out in this Policy with regard to workplace safety, environment, fair pay and employment conditions. Our suppliers must commit to complying with the following requirements, many of which are drawn from the NSW Government Office of Financial Management (Policies), Ethical Trading Initiative ('ETI') and

International Labour Organisation ('ILO') Conventions. These requirements represent minimum standards based on the principles of the United Nations Universal Declaration of Human Rights.

5. Guiding Principles

Mahboba's Promise supports and is committed to abiding by the following principles:

- Setting objects and action plans in support of this policy, and pursuing continuous improvement of our practices;
- Prioritising suppliers who have embedded sustainable and ethical practices within their organisation and who drive such practices within their own supply chain;
- Identifying areas of higher risk and influence within our supply chain and engaging with suppliers in those areas;
- Complying with the letter and spirit of all applicable legislation.

Through supplier selection and direct engagement, we will favour suppliers that actively:

- Reduce their environmental footprint through:
 - Conservation of resources, including the use of energy, water and materials;
 - Waste minimisation, both within their operations and through reduction of packaging;
 - Reducing the impact of deliveries and maximising local sourcing.
- Deliver benefits to society through:
 - Complying with International Labour Organization (ILO) principles in respect to human rights and conditions of employment;
 - Ensuring that slavery and human trafficking is not taking place in any of their supply chains and in part of their business.
- Drive economic growth through:
 - Supporting job creation and facilitating opportunities for small and medium-sized enterprises (SME's) and social businesses;
 - Considering the life-cycle cost of products;
 - Providing the Living Wage (at a minimum) to employees and contractors.

This Policy will be communicated throughout each supplier engagement and is available for public review. Further, the Policy will be reviewed on a regular basis to evaluation continued relevance, monitor compliance and drive continual improvement through audit processes and by the Board of Directors at Annual General Meetings.

6. Standards of Procurement and Supplier Practice

Volunteers, employers and procurement officers should be aware of the compliance criteria they must meet and what standards of ethical practice they need to satisfy in order to maintain the organisation's reputation.

The compliance criteria include the following:

6.1 Transparency, confidentiality and fairness

- All suppliers should be treated fairly at all stages of the procurement process. This means being open with all those involved so that all stakeholders, particularly suppliers, understand the elements of the process, that is, the procedures, timelines, expectations and requirements of the criteria for selection and contract obligations;

- Supplier confidentiality should be safeguarded and unsuccessful suppliers should be debriefed with as much transparency about the procurement process as can be provided, for example on the weaker aspects of the tender.

6.2 Use of Power

- Volunteers, employers and procurement officers should discourage the arbitrary or unfair use of purchasing power or influence.
- The exertion of undue influence or the abuse of power, as well as being unprofessional, may contravene relevant legislation and are unlikely to achieve long-term best value for money.
- Ensure compliance with applicable legislation such as restraint and trade and anti-trust legislation, *Competition and Consumer Act 2010 (Cth)*.

6.3 Corruption

- Volunteers, employers and procurement officers must not tolerate corruption in any form.
- Volunteers, employers and procurement officers aware of any corrupt activity have a duty to the profession and to their employing organisations to alert their senior management. Bribery is a criminal offence in most countries and the law is being strengthened to include off-shore bribery.
- Suppliers shall not engage in acts of bribery and corruption and shall not falsify documents and records.

6.4 Treatment of Employees

- No harsh or inhumane treatment is allowed.
- Under no circumstances should suppliers of services and/or products abuse or intimidate employees, in any fashion.
- Suppliers should have a grievance/appeal procedure that is clear and understandable and this is to be given to the employee in writing.

6.5 Law

- Suppliers should always work within the laws of their own country.

6.6 Discrimination

- Suppliers should have a policy of equality for their employees involved in the manufacture of goods or services with no discrimination on the basis of race, caste, religion, nationality, age, gender, marital status, sexual orientation, disability, union membership or political affiliation or cultural differences.

6.7 Labour Rights

- Employment is freely chosen.
- There is no forced, bonded or involuntary prison labour.
- Workers are not required to lodge deposits or their identity papers with their employer and are free to leave their employer after reasonable notice.

6.8 Freedom of Association and Right to Collective Bargaining

- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively;
- The employer adopts an open attitude towards the activities of trade unions and their organisational activities;
- Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace;

- Where the right to freedom of association and collective bargaining is restricted under Law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

6.9 Working Conditions

- A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health in the working environment.
- Access to clean toilet facilities and to clean and drinkable water and, if appropriate, sanitary facilities for food storage shall be provided;
- Accommodation, where provided, shall be clean, safe and meet the basic needs of the workers;
- Suppliers will ensure that personal protective equipment is available and workers are trained in its use. Safeguards on machinery must meet or exceed local laws.
- Suppliers shall assign responsibility for health and safety to a senior management representative.

6.10 Child Labour

Mahboba's Promise supports ILO Convention 138 with regard to the appropriate age of worker and will not work with suppliers who use child labour.

Child labour refers to work that:

- Is mentally, physically or morally harmful to children;
- Can negatively affect their mental, physical or social development; and
- Interferes with their schooling
 - By depriving them of the opportunity to attend school;
 - By obliging them to leave school prematurely; or
 - By requiring them to attempt to combine school attendance with excessively long and heavy work.

6.11 Living Wages

- Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- Deductions from wages as a disciplinary measure or any deductions from wages not provided for by Law shall not occur without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

6.12 Working Hours

- Working hours comply with any law and benchmark industry standards, whichever affords greater protection.
- In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7-day period on average.
- Overtime shall be voluntary, shall not be excessive, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

6.13 Environment Compliance

- The facility shall comply with national and local environmental laws and regulations.
- The facility shall dispose of its production waste in accordance with local environmental laws and regulations.
- The facility must have identified and documented its key environmental impacts and implemented controls to minimise its impact on the environment with respect to solid waste disposal, hazardous chemicals storage and management, air and water emissions.

7 Policy Implementation, Compliance and Review

Mahboba's Promise expects its suppliers to comply with all aspects of this Policy, and will be extending its coverage of audited facilities and compliance monitoring processes to include these standards.

Mahboba's Promise is committed to working in partnership with its suppliers to help achieve compliance with this Policy. In the event where any supplier is unwilling or unable to demonstrate continuous improvement towards full compliance with our standards, the trading agreement between Mahboba's Promise and the supplier will be terminated.

Processes in summary will include:

- The signatory will review this policy on a regular basis, at least every two years;
- Confirmation of internal compliance with this policy will be undertaken at least once annually;
- Introduction of the policy will be included in the induction process, to be read by all new staff;
- A workshop will be regularly organised to present the policy to staff and keep them updated on any changes.