

## **Dollar General Human Rights Risk Assessment and Supply Chain Transparency Disclosure**

### **Overview:**

Dollar General’s mission is Serving Others, and this mission extends well beyond the way we treat our customers and others in the communities that we serve. Our mission includes a commitment to sourcing safe, quality products from vendors and manufacturers, wherever located, who adhere to the law, treat their workers fairly and maintain a healthy and safe working environment.

We recognize that helping our business partners create healthy and safe work places is an ongoing global challenge confronting many manufacturers, importers, and retailers. To assist in meeting this challenge, we have established social compliance standards that are consistent with, and based upon, International Labor Organization, Global Social Compliance Program and other industry metrics. For more than a two decades, we have conducted independent third party supply chain audits of foreign factories that we use in an effort to ensure compliance with these standards. Our Global Compliance Department, which works with management to establish our standards and manage our audit program, is not in the same reporting structure as the buyers that purchase our goods so that the risk of any potential conflict of interest is minimized. Audit results are used to help make decisions about vendors and factories – for example, whether to help factories improve or, in the case of certain violations of our standards, to stop doing business with them. Our preference is to utilize a model of “continuous improvement” as a strategy to improve working conditions, where appropriate, in the factories that we use. Thus, in any instance where we find or learn that conditions in the factories that produce our goods are not acceptable, we investigate further and, where possible, take steps to work with the factory through corrective action plans and re-audits to improve any conditions that do not meet our standards. Unsatisfactory audit results may result in increased audit (or re-audit) frequency or termination of the relationship with the factory.

We routinely review and update our audit standards and procedures in an effort to remain current with emerging industry standards. For example, in the past, we have consulted experts in China and elsewhere, including NGOs and audit firms, as well as other importers and retailers, and we made appropriate adjustments to our practices to further align with global best practices. Some of those adjustments include: (i) lengthening the duration of social accountability audits and adding additional points of inquiry and worker interviews; (ii) engaging multiple independent audit firms (rather than just one) to conduct audits to minimize the risk of an audit firm developing an allegiance to any factory; (iii) engaging a third party to assist our key factories post-audit to improve transparency, working conditions and compliance; and (iv) gaining a larger presence in fewer factories to grow our influence on factory business practices in an effort to improve working conditions.

Our standards (which are set forth in a written agreement signed by each foreign supplier) include, among other things, the following:

- **No Child Labor:** All employees engaged in the production of products for Dollar General must be at least 16 years of age, or the age required by applicable law if higher.
- **No Forced Labor:** Supplier may not use involuntary or forced labor.
- **No Harassment or Abuse:** Supplier may not tolerate or condone physical, sexual, psychological or verbal harassment or abuse of any worker.
- **No Discrimination:** Supplier employees must be employed, paid, promoted and terminated based on occupational ability and not based on personal characteristics or beliefs.
- **Fair Compensation:** Supplier must fairly compensate its employees, providing wages and benefits that comply with the local and country laws.
- **Appropriate Working Hours:** Supplier must comply with all applicable legal limits for working hours. Supplier must not permit its employees to work more than six consecutive days.
- **Commitment to Health and Safety:** Supplier must demonstrate commitment to the health and safety of employees to prevent accidents and injury occurring in the course of work.
- **Safe Housing:** If a Supplier provides residential housing for employees, the Supplier must ensure the housing is healthy and safe.

As previously mentioned, we continue to study and analyze potential solutions and standards and are committed to applying them whenever possible to achieve healthier and safer work places in the factories that we use. Dollar General directly imported only approximately 9.6% of its purchases (measured at cost) in 2022, a substantial portion of which was sourced from China.

### **Verification:**

We have a robust and systemic audit program that is designed to identify, and improve or eliminate from our supply chain, any factories that do not meet our ethical standards, such as violations of our policy against the use of child or forced labor. We use a continuous improvement model with factories that are willing to make needed improvements. Without exception, each import factory that we use must comply with our requirements before we accept goods produced in that factory.

Dollar General works with industry organizations and experts to benchmark our program and address evolving standards and issues. As a result, we continuously update our program and develop tools to identify, and where appropriate, improve, factories that do not meet our standards.

### **Auditing:**

All facilities producing direct import merchandise for Dollar General are audited by an independent third party auditing firm at least annually. We use a combination of announced and unannounced audits. Additionally, we use surveillance audits as needed under the circumstances to verify audit results. We choose third party audit companies with the reputation of having experienced auditors who are experts in, among other things, identifying false records, conducting worker interviews and otherwise detecting violations of our ethical standards.

The findings of the audit may result in the relationship with the supplier being severed without any product accepted, such as in the case of a facility that uses child or forced labor. In other cases, a factory may be prohibited from producing products for Dollar General as a result of failing to make needed improvements in a timely manner.

### **Certification:**

Suppliers must sign the Dollar General Supplier Agreement and agree to abide by our Code of Business Conduct and Ethics (available on [www.dollargeneral.com](http://www.dollargeneral.com)) as well as our corporate social responsibility standards. Those standards require that the products provided to Dollar General will be manufactured only in accordance with our social accountability standards, including but not limited to the standards list above.

Additionally, each supplier is required by the Terms and Conditions on the Purchase Order to warrant that the product is not produced or packaged with the use of child or forced labor or in violation of any other human rights.

### **Accountability:**

All employees and suppliers are governed by the Dollar General Code of Business Conduct and Ethics. Signing the Code of Business Conduct and Ethics is one of the requirements for employment at Dollar General. Violations of the Code of Business Conduct and Ethics can result in discipline or loss of employment. Supplier or factory allegations of wrongdoing or violations of our standards are investigated, and Dollar General reserves the right to terminate the relationship with any supplier or factory that violates our Code of Business Conduct and Ethics.

Dollar General maintains a vendor manual for suppliers which points out that we have zero tolerance for the use of child labor (workers must be at least 16 years of age) or forced labor (all types of forced labor, including, without limitation, prison, bonded, and indentured labor), as well as many of our other standards. We reserve the right to visit and/or audit, at any time, all facilities used in the production of goods for Dollar General.

## **Training:**

Dollar General conducts training for employees with supply chain responsibilities to increase their understanding of how to recognize signs of ethical violations in the supply chain. Further, we periodically conduct training sessions overseas to educate our vendors based on our social accountability requirements. Members of our compliance department review any identified factory issues with management and the merchants to keep them updated on how to interpret audit results and auditor comments. In addition, we visit and work closely with our overseas offices to ensure a consistent message and thorough understanding of our requirements. We educate about the risks in certain countries and product categories, using the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor.