

Vendor Code of Conduct

The Vendor Code of Conduct (“CoC”) applies to all vendors, suppliers and factories (“Vendors”) that produce goods for The Michaels Companies, Inc. or any of its subsidiaries, including, but not limited to, Michaels Stores, Inc., Aaron Brothers, Inc., Artistree, Inc., Darice, Inc., Lamrite West, Inc., and Pat Catan’s (collectively, “Michaels”).

Michaels recognizes that our Vendors operate in countries with different laws and cultures. However, Michaels’ CoC is intended to outline the minimum requirements that all Vendors must meet in order to do business with Michaels.

All Michaels Vendors supplying merchandise and/or components purchased outside of the United States, including merchandise and/or components originating in the United States territories or protectorates, are required to provide the Product Integrity Team (productintegrity@michaels.com) with a copy of their written policy for their foreign factories or suppliers. This policy should encompass the requirements listed below.

Vendors who do not procure or manufacture merchandise and/or components from outside of the United States proper must submit a letter stating such. The letter must be on official company letterhead, signed by a principal of the company, and sent to the Product Integrity Team (productintegrity@michaels.com).

In addition, all Vendors are expected to complete an annual inspection of each manufacturing location based on these requirements and maintain a record of the inspections at their headquarters. Michaels reserves the right to review these inspection reports upon request.

Vendors must allow Michaels and its representatives unrestricted access to inspect its manufacturing locations to ensure compliance with this CoC.

Compliance with Applicable Laws: Vendors must comply with the legal requirements and industry standards of the countries in which the Vendors are doing business. Should the legal requirements and industry standards conflict, Vendors must comply with the legal requirements of the country in which the products are manufactured. If, however, the industry standards exceed the country’s legal requirements, Michaels will favor Vendors who meet the more rigorous industry standards.

Employment: Michaels regards our Vendors as business partners, and we have developed a strong level of teamwork within our vendor community. Michaels expects the spirit of its commitment to be reflected by its Vendors with respect to their employees. At a minimum, Michaels expects its Vendors to comply with the following:

A. Child Labor: The use of child labor is prohibited. Vendors agree to employ only workers who meet the applicable minimum legal age requirement for the country or region where the manufacturing is located, or are at least 15 years of age, whichever is greater. Vendors must maintain records verifying every worker’s date of birth. Children under the age of 15 are not permitted in any area of the factory where employees are working, including the production floor and any packaging or assembly areas.

B. Forced Labor: The use of forced labor is prohibited. Vendors must not use any form of prison labor, indentured labor, bonded labor or other similar types of force labor.

C. Human Rights: Vendors must ensure that every employee is treated with respect and dignity. No employee shall be subjected to any physical, sexual, psychological or verbal harassment or abuse.

D. Discrimination: Vendors must not discriminate in hiring practices or any other terms or conditions of work based on race, color, national origin, gender, religion, disability, sexual orientation, or political opinion. Michaels recognizes that cultural differences exist and different standards apply in various countries, however, we believe that all terms and conditions of employment should be based on an individual's ability to do the job, not based on personal characteristics or beliefs.

E. Freedom of Association: Vendors must recognize and respect the right of employees to freedom of association and collective bargaining without penalty, discrimination or harassment.

F. Compensation: Vendors must fairly compensate their employees by providing wages and benefits that comply with the laws of the countries in which they are doing business or which are consistent with the prevailing local standard in the countries in which they are doing business, whichever is greater. Vendor must pay overtime wages in compliance with local laws or industry standard. Wage rates for overtime must be higher than rates for the worker's regular work shift.

G. Working Hours: Vendors must maintain reasonable employee work hours in compliance with local or national laws. Overtime work hours must be in compliance with local or national laws, but must not exceed more than 60 hours per week. Employees must be guaranteed at least one day off during a seven day period.

H. Health and Safety: Vendors must maintain a clean, safe and healthy workplace in compliance with all national and local laws. Employees must have access to clean drinking water, sanitary washing facilities and an adequate number of toilets, fire-extinguishers and fire exits. Doors and other exits must be kept unlocked during working hours. The manufacturing location must have adequate lighting and ventilation. Vendors must ensure these standards are also met in any canteen and/or dormitory locations.

I. Environment: Vendors must comply with all applicable environmental laws for the region in which they do business. Vendors are encouraged to have an environmental management system in place. Vendors must store hazardous materials in a secure and ventilated area, and dispose of them in a safe and legal manner.

J. Sub-contractors: Vendors must ensure that their sub-contractors adhere to this CoC.

K. Anti-Bribery Laws: Vendors are expected to comply with all applicable anti-bribery laws including the Foreign Corrupt Practices Act.

L. Display of CoC: Vendors must familiarize workers with this CoC and display this CoC at their facilities in a place accessible to employees. Vendors must translate this CoC if English is not understood by their employees.

Michaels has the right to take adverse action against any Vendor or factory that fails to maintain these minimum standards, including but not limited to, rejecting product shipments, cancelling purchase orders, and terminating the business relationship with the Vendor or factory.

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