

Sears Holdings Corporation

Code of Vendor Conduct

Revised June 29, 2010

I. Introduction

Sears Holdings Corporation and its subsidiaries, including Sears Holdings Management Corporation, Sears, Roebuck and Co., and Kmart Corporation (together “**Sears Holdings**”), are committed to conducting business in accordance with the highest ethical standards and in compliance with all applicable laws. Sears Holdings expects the same commitments from each of its vendors.

Sears Holdings conducts business worldwide with vendors in many countries with different legal, ethical, and cultural systems and beliefs. This Code describes the minimum standards of conduct that Sears Holdings insists that its vendors, regardless of their country of domicile or origin, comply with scrupulously and without exception as a condition to doing business with Sears Holdings. This Code is mandatory, and if a vendor does not comply with it Sears Holdings may terminate immediately its business relationship with the vendor and take any other action Sears Holdings may deem appropriate under the circumstances. If this Code establishes a standard of legal or business-ethics conduct that is higher than local legal or business-ethics requirements, this Code will always apply to vendors that desire to do business with Sears Holdings. Each Vendor shall provide training about this Code to all of its employees who will conduct business with Sears Holdings.

When we refer to “vendors” in this Code we mean each business enterprise, regardless of its form (such as a corporation or company, partnership, or sole proprietorship) that engages or participates, directly or indirectly, in the sale, consignment, or other provision of goods or services to Sears Holdings. “Vendors” includes agents, subcontractors, and other third parties, and vendors cannot avoid the responsibilities and obligations imposed by this Code by using, or associating with, agents, subcontractors, or other third parties. When we refer to “applicable” law in this Code we mean the law, including regulations, judicial decrees, and other governmental actions that have the force of law, in effect at each location where a vendor conducts operations with respect to, or that affect, the vendor’s business with Sears.

II. Vendor Requirements

A. No Improper Influence. Vendors shall not attempt to influence a Sears Holdings’ associate, agent, or representative (each a “**Sears Representative**”) with respect to any business arrangement through bribery, kickbacks, favors, gifts, sporting or entertainment events, offers of future employment, or similar conduct. This prohibition means that vendors shall not engage in an action if it is intended to improperly influence, or could create the appearance of improperly influencing, a Sears Representative. This

prohibition extends to the relatives of a Sears Representative and to each other person with whom a Sears Representative has a significant personal relationship. A vendor's cash payment, or the vendor's giving of a non-cash item with a value of \$50 or more, to a Sears Representative for personal use will violate this prohibition.

B. No Conflicts of Interest. Vendors shall not enter into any relationship with a Sears Representative that creates, or reasonably could be expected to create, an actual or a potential conflict of interest for the Sears Representative. For purposes of this Code a conflict of interest arises, or reasonably could be expected to arise, when a material personal interest of the Sears Representative is inconsistent with, or adverse to, the Sears Representative's responsibilities to Sears Holdings. Vendors shall not assign its employee, agent, or representative to conduct business with a Sears Representative if the assigned employee, agent, or representative was employed by Sears Holdings within the preceding twelve months.

C. No Unfair Business Practices. Vendors shall not engage in bid collusion or customer or market allocation with other Sears Holdings' vendors. Vendors shall comply with all applicable antitrust, trade-regulation, and competition laws.

D. No Unauthorized Activities. Vendors shall not engage in any activity on behalf of Sears Holdings, including without limitation projects, transactions, political contributions, charitable donations, lobbying, and appearances before government entities, officials, and representatives.

E. Confidentiality. Vendors may have access to Sears Holdings' confidential (non-public) information, such as historical sales results, sales projections, customer information, and agreed pricing for merchandise or services offered or sold to Sears Holdings. Vendors shall hold this confidential information in the strictest confidence and shall not (except as required by law) disclose it to anyone without Sears Holdings' approval and then only on a need-to-know basis. Sears Holdings retains exclusive ownership of its confidential information. Vendors shall not buy or sell Sears Holdings' equity or debt securities based on, or otherwise take advantage of, material, non-public information relating to Sears Holdings or its businesses.

F. Sears Holdings Code of Conduct and Vendor Allowances Policy. Vendors shall familiarize themselves with, and support, the [Sears Holdings Code of Conduct](#) and the [Vendor Allowances Policy](#) and the obligations and responsibilities of Sears Holdings' associates under the Code of Conduct and the Vendor Allowances Policy. Vendors shall not take any action, or refrain from taking any action, that the vendor reasonably could expect would result in, or would facilitate or assist the commission of, a violation by a Sears Holdings associate of the Code of Conduct or the Vendor Allowances Policy.

G. Other Compliance. Vendors shall comply with all other Sears Holdings' policies, processes, and procedures applicable to vendors, including without limitation Sears Holdings' [Global Compliance Program for Merchandise Vendors and Factories](#)

(which applies only to merchandise vendors) and travel, communication, and bidding policies, processes, and procedures. Vendors shall not attempt to subvert Sears Holdings' procurement policies, processes, or procedures including without limitation by making unauthorized contact with Sears Representatives. Vendors shall comply with all other laws applicable to its business with Sears Holdings including without limitation the U.S. Foreign Corrupt Practices Act.

III. *Reporting of Violations*

It is Sears Holdings' clear expectation that all vendors promptly will report suspected violations of this Code, the Sears Holdings Code of Conduct, and the Sears Holdings Vendor Allowances Policy. Vendors may do so anonymously by contacting Sears Holdings' Office of Ethics and Compliance at 1 (800) 827-7478 or via email at compliance@searshc.com.