



## Caprice Australia Ethical Sourcing Code

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## Introduction

Caprice Australia (Caprice) is committed to ensuring socially and environmentally responsible sourcing practices across our entire supply chain in accordance with the law, international obligations, and our customer and licensor compliance requirements.

A key means of implementing this commitment is through our Ethical Sourcing Code (“ESC”), which includes minimum standards of conduct that all suppliers must meet as a condition of doing business with Caprice.

The ESC has been designed to meet and exceed the compliance requirements of our customers and licensors by ensuring our suppliers respect: internationally recognised labour standards and human rights obligations; business ethics; and principles of environmental sustainability.

The ESC is divided in two parts. Part 1 contains the core Ethical Sourcing Principles that form the basis of our Code. Part 2 includes more detailed supporting standards that suppliers must follow in order to comply with the Ethical Sourcing Principles and the Code.

## Compliance with our ESC

The ESC applies to all suppliers contracted by Caprice to supply merchandise to, or on behalf of, Caprice. When the terms “factory” or “factories” are used in this ESC, it refers to a factory or factories registered by a supplier to undertake Caprice related production, unless specified otherwise.

The ESC forms part of the contract with our suppliers. Accordingly, suppliers must review the ESC and be familiar with its requirements. Suppliers must also ensure their own suppliers, or any third party providing raw materials, components, labour or services to the supplier, also comply with the standards of conduct outlined in this ESC.

The ESC does not replace the local laws of the countries in which our suppliers operate. In the event of a conflict between the ESC and a local law, the more stringent requirement should be followed.

The ESC is part of Caprice’s wider ethical sourcing program, which has been built around a Prevent, Detect, Respond model. Under the program, Caprice will provide training to suppliers on the ESC and will actively monitor compliance. In addition, Caprice, or our representatives, may visit factories to carry out compliance audits against the standards contained in the ESC. These audits may occur at any time and be announced or unannounced. Any breaches of our ESC will be reported to the supplier for follow up and corrective action. If there is a critical breach, or pattern of ongoing breaches indicating a supplier does not demonstrate a willingness to comply, we reserve the right to terminate our business relationship with that supplier.

## Reporting Violations

Any person, including factory workers, may report actual or suspected violations of the ESC to Caprice via [compliance@caprice.com.au](mailto:compliance@caprice.com.au). All reports will be followed up. The identity of anyone who makes a report will be kept strictly confidential, unless requested otherwise.



## Part 1: Ethical Sourcing Principles

<p><b>1. Legal Compliance</b></p> <p>Factories must fully comply with the legal requirements of the country in which they operate. All requirements in this Ethical Sourcing Code are in addition to compliance with applicable local laws.</p>
<p><b>2. Business Integrity and Anti-corruption</b></p> <p>Factories must act with integrity and honesty. All record keeping must be accurate and transparent at all times. Bribery and corruption is prohibited in any form.</p>
<p><b>3. Child Labour</b></p> <p>Factories must not engage in or support the use of child labour and comply with all applicable laws governing minimum working age. This applies to workers directly employed by the factory or any third party providing raw materials, components, labour or services to the factory. Furthermore, young workers (under the age of 18) must not be exposed to any conditions, inside or outside the workplace, which are hazardous or unsafe to their physical and mental health.</p>
<p><b>4. Forced Labour</b></p> <p>Factories must not engage in or support the use of forced labour, bonded labour, indentured labour, prison labour or human trafficking. This applies to workers directly employed by the factory or any third party providing raw materials, components, labour or services to the factory. Further, factories shall respect the freedom of movement of their workers and not restrict their movement by controlling identity papers, holding money deposits, or taking any other action to prevent workers from terminating their employment.</p>
<p><b>5. Wages, Benefits and Working Hours</b></p> <p>Factories must comply with all laws regulating local wages, overtime compensation, and legally mandated benefits. In any event, wages should always be enough to meet a worker's basic needs and to provide some discretionary income. Under ordinary business circumstances, workers must not be required to work excessive working hours per week, including overtime, and have the option of adequate days off.</p>
<p><b>6. Discrimination</b></p> <p>Factories must provide a working environment where workers are treated fairly and without discrimination. All conditions of employment must be based on an individual's ability to do the job, not on the basis of personal characteristics, such as age, race, ethnicity, colour, nationality, gender, religion, caste, marital or maternity status, sexual orientation, disability or political beliefs.</p>
<p><b>7. Harassment and Abuse</b></p> <p>Factories must not engage in or support any form of harassment or abuse in connection with workers' employment, including physical, sexual, verbal or visual behaviour that creates an offensive, hostile, or intimidating environment.</p>



**8. Freedom of Association and Collective Bargaining**

Factories must, to the extent permitted by local laws, respect the right of their workers to freedom of association and collective bargaining. This includes the right to form and join trade unions or other worker associations of their own choosing without harassment, interference or retaliation.

**9. Health and Safety**

Factories must ensure conditions in all production and residential facilities are safe, clean and consistent with all applicable laws and regulations and/or industry best practices, whichever is higher, in order to avoid preventable work-related accidents and injuries.

**10. Hiring and Regular Employment**

Factories must provide each worker with a labour contract which stipulates all legally required employment terms and conditions. In addition, factories must not use labour-only contracting arrangements, consecutive short-term contracts, excessive piece-rate work or false apprenticeship schemes to avoid obligations of regular employment to workers.

**11. Migrant Workers**

Factories must ensure that migrant workers have the same entitlement as local workers stipulated by local law and under this Ethical Sourcing Code.

**12. Environment**

Factories shall ensure all operations are carried out in an environmentally responsible manner and, as a minimum, will meet all relevant local and national environmental protection laws.

**13. Consumer Protection**

Factories must take all reasonable steps to ensure the goods they produce are safe and are not harmful to consumers.

**14. Animal Welfare**

Factories must ensure animals within the supply chain are treated humanely and with respect.

**15. Unauthorised Subcontracting**

Factories must not subcontract, outsource or use homeworkers in production of Caprice orders without prior authorisation from Caprice.

**16. Compliance Management System**

Factories must have in place a compliance management system to ensure (a) compliance with applicable laws and regulations; (b) conformance with this Ethical Sourcing Code; (c) identification and mitigation of compliance risks related to this Ethical Sourcing Code; and (d) continual improvement.



## Part 2: Supporting Standards

### 1. Legal Compliance

**Principle:** Factories must fully comply with the legal requirements of the countries in which they operate. All requirements in this Ethical Sourcing Code are in addition to compliance with applicable local laws.

#### **Supporting Standards: Legal Compliance**

- 1.1 At a minimum, factories must comply with local laws and regulations of the country of manufacture.
- 1.2 Factories must have written procedures in place, with a designated responsible management representative, to ensure they are aware of and understand changes that are made to the local laws.
- 1.3 The designated responsible management representative communicates these changes and implications to all workers and works with factory staff to ensure the necessary changes are made in a timely manner to ensure compliance with the law.
- 1.4 See also supporting standards for Compliance Management System (Section 16).

### 2. Business Integrity and Anti-corruption

**Principle:** Factories must act with integrity and honesty. All record keeping must be accurate and transparent at all times. Bribery and corruption is prohibited in any form.

#### **Supporting Standards: Business Integrity and Anti-corruption**

- 2.1 Factories must act with integrity and honesty at all times in their interactions with Caprice. They must not engage in any dishonest behaviour by providing misleading or falsified information or records to Caprice representative or their appointed auditors and inspectors.
- 2.2 Factories must be cooperative and transparent during any Caprice related audit, or other form of inspection, and provide full access to workers, records and factory work areas as well as dormitories and other factory buildings.
- 2.3 Factory management shall not “coach” workers on how to respond during Caprice interviews, e.g. to provide false, misleading, or incomplete information.
- 2.4 Factories must have a written policy on ethical standards/business integrity that prohibits bribery and corruption in any form. The policy shall be effectively communicated to all workers.
- 2.5 It is strictly prohibited for a factory, or factory employee, worker, agent or representative, to give, offer, accept or request bribes, facilitation payments, secret commissions or other prohibited payments or cause any of them to be given, offered, accepted or requested.
- 2.6 It is strictly prohibited to offer or give bribes in the form of gifts, money, or favours to any Caprice employee or representative.



- 2.7 Should a Caprice employee or representative request gifts, money or favours this must be refused and immediately reported to Caprice. (See channels for reporting in the introduction).
- 2.8 It is prohibited for a factory to engage in money laundering.

### 3. Child Labour and Young Workers

**Principle:** Factories must not engage in or support the use of child labour and comply with all applicable laws governing minimum working age. This applies to workers directly employed by the factory or any third party providing raw materials, components, labour or services to the factory. Furthermore, young workers (under the age of 18) must not be exposed to any conditions, inside or outside the workplace, which are hazardous or unsafe to their physical and mental health.

#### Supporting Standards: Child Labour and Young Workers

- 3.1 Factories must not engage in or support the use of child labour. This applies to workers directly employed by the factory or any third party providing raw materials, components, labour or services to the factory. Factories must have a written policy to this effect, which shall be effectively communicated to all workers.
- 3.2 Factories must comply with all applicable laws governing minimum working age:
  - If set at 15, then no one under 15 is permitted to work;
  - If set above 15, then no one under the age established by law may work in the factory;
  - If set below 15, then no one under the age of 15 is permitted to work other than in accordance with the exceptions allowed by the ILO and national law).
- 3.3 Factories must comply with all laws and regulations applicable to young workers (under the age of 18 but above minimum working age). This includes the number of overtime hours, hazardous and/or night work, annual medical checkups, apprentice or vocational training, and taking all necessary precautions to ensure young workers are protected from working conditions likely to endanger their health, safety or welfare.
- 3.4 Young workers must not work during night hours or for more than eight hours per day. In countries where young workers are subject to compulsory education laws, they may work only outside of compulsory school hours applicable to their age.
- 3.5 Required documentation is maintained for young workers, as required by law, including registration, school completion certificates, doctor certificates, and permission from parents.
- 3.6 Where required by law, factories must pay any expenses associated with registering young workers with the local authorities.
- 3.7 A system must be in place for identifying work stations and operations that are inappropriate for young workers.
- 3.8 No children are allowed in any work areas (including production, merchandising and offices) of a factory, even if they are not working.
- 3.9 Childcare facilities shall not overlap with production areas.
- 3.10 Hiring procedures are in place to verify proof of age documentation prior to worker's start date.
- 3.11 To verify age and thereby compliance with legal age limitations, proof of age documentation must be maintained in personnel files for all workers in the form of birth certificates, government



## 4. Forced Labour

**Principle:** Factories must not engage in or support the use of forced labour, bonded labour, indentured labour, prison labour or human trafficking. This applies to workers directly employed by the factory or any third party providing raw materials, components, labour or services to the factory. Further, factories shall respect the freedom of movement of their workers and not restrict their movement by controlling identity papers, holding money deposits, or taking any other action to prevent workers from terminating their employment.

### Supporting Standards: Forced Labour

- 4.1 Factories must not engage in or support the use of forced labour, bonded labour, indentured labour, prison labour or human trafficking. This applies to workers directly employed by the factory or any third party providing raw materials, components, labour or services to the factory. Factories must have a written policy to this effect, which shall be effectively communicated to all workers.
- 4.2 Workers must be allowed to freely move within the workplace to use the toilets, take designated breaks, etc., and leave the workplace at the end of their shift or after giving their employer reasonable notice.
- 4.3 Workers are able to leave before the end of their shift under extenuating circumstances, such as personal or family emergencies or illness, without fear of disciplinary action, discrimination, or termination.
- 4.4 Workers shall not be coerced by personnel of the factory, including supervisors, security personnel.
- 4.5 The movement of workers must not be restricted by controlling identity papers (such as ID cards or passports) or withholding money deposits, or requiring excessive fees.
- 4.6 Workers must retain possession or control of original identity documents such as passport, travel documents, government issued identification, work permit, or other personal identification. These documents can only be retained by a factory with the worker's written permission, and shall be returned at the worker's request.
- 4.7 Workers must be able to end their employment, as outlined in legally compliant contracts. Factories must pay all wages fully and promptly and not employ other tactics to prevent workers from leaving at will, such as withholding salary as a "year-end bonus" or charging a penalty when workers terminate their contract.
- 4.8 Workers must not be bound to employment as conditions of fulfilling terms of a debt to the factory or a third party. Personal loans to workers or job seekers are prohibited under circumstances where repayment terms could be construed as debt bondage or forced labour.
- 4.9 Workers must not be forcibly required to live in factory owned or controlled housing.
- 4.10 Workers must not be obligated or forced to work for a third party connected with a supplier (e.g. friend, family member, business associate).
- 4.11 Workers must be able to refuse to perform certain tasks that the worker believes to be hazardous without penalty of termination.





- 4.12 All overtime is voluntary and agreed to by the workers. Workers are educated on the normal work week. For workers not interested in working overtime, there will be no retaliation against the worker by the factory.

## 5. Wages, Benefits and Working Hours

**Principle:** Factories must comply with all laws regulating local wages, overtime compensation, and legally mandated benefits. In any event, wages should always be enough to meet a worker's basic needs and to provide some discretionary income. Under ordinary business circumstances, workers must not be required to work excessive working hours per week, including overtime, and have the option of adequate days off.

### Supporting Standards: Wages and Benefits

- 5.1 Factories must ensure that wages paid for regular worked hours are at least the legal minimum wage or the industry wage agreed within a collective bargaining agreement (CBA), whichever is higher.
- 5.2 In countries where it is legal to pay a worker by piece instead of by hour, the worker must receive a wage equal to or above minimum wage or the CBA agreed wage, whichever is higher. An agreed overtime premium must be added to the regular piece rate if any work is done after regular working hours.
- 5.3 Probationary periods must be outlined in employment contracts and must be in compliance with local laws.
- 5.4 Wages for probationary workers are not less than the lowest wage paid for the equivalent job within the factory. Probationary wages are not lower than legal minimum wage.
- 5.5 In addition to wages for the normal work week (see 5.23 below), all workers must be compensated for overtime hours at the legally or contractually mandated rates.
- 5.6 Workers are trained on legal wages and benefits, and procedures are in place for workers to question wages paid and request adjustments.
- 5.7 Legally required notices relating to wages, benefits and working hours are posted in the factory in visible and accessible locations.
- 5.8 Factories must maintain current and accurate payroll, wage and hour, and personnel files for all employees dating back at least 12 months, or as required by law if longer.
- 5.9 Workers must be paid on time, in accordance with the law, and in the form of the local currency. When no time limits are legally stipulated, payment must be made within 30 days.
- 5.10 Factories must have a written policy on wage and compensation awards, based on legal requirements. The policy shall be effectively communicated to all workers.
- 5.11 Legal minimum wage rates are posted or available to workers.
- 5.12 Workers are notified of wages, withholdings and other legal deductions prior to commencement of employment via a labour contract (if required by law) or other means (e.g. a written summary or a company handbook of key terms and conditions of employment).
- 5.13 The use of fines/deductions not permitted by law are prohibited. Fines/deductions as a form of disciplinary measure are not permitted.



- 5.14 Legal deductions for food, housing and other factory provided goods/services must be disclosed to workers in advance and should not exceed the actual cost to the factory. Workers should not be forced to use good/services provided by the factory unless required by law.
- 5.15 The use of personal protective equipment, factory uniforms, working tools, etc. must not require monetary deposits for use, nor should the worker be required to pay excessive fees or penalties when these items are returned.
- 5.16 All legally required benefits, such as vacation, public holidays and social insurance, must be paid and/or provided
- 5.17 Worker severance pay must be paid correctly and on time as required by law.
- 5.18 Pay slips/wage statements must be provided and include workers' personal information (e.g. name, address) and a detailed explanation of payment, including days worked, wage or piece rate earned per day, hours of overtime, bonuses, allowances and a description of any and all deductions. This same information should be available for contractors who work on-site.
- 5.19 Factories must ensure all legal withholdings from worker remuneration (e.g. taxes, social security, pension, healthcare) are correct, accurate and made in compliance with the law. Legal withholding must be forwarded to the appropriate government authority in a timely manner as required by law.
- 5.20 Payment receipts for mandatory social insurance payments must be valid and correct.

#### **Supporting Standards: Working Hours**

- 5.21 Factories must have a written policy for working hours and overtime in accordance with local legal requirements. The policy shall be effectively communicated to all workers.
- 5.22 All legal requirements and limitations on regular hours and overtime must be complied with.
- 5.23 A normal working week (not including overtime) shall be defined by local legal requirements but shall not exceed 48 hours.
- 5.24 Overtime is in addition to a normal working week.
- 5.25 All overtime is voluntary and agreed to by the workers. Workers are educated on the normal work week. For workers not interested in working overtime, there will be no retaliation against the worker by the factory.
- 5.26 Where the law permits working hours beyond 60 in a week (including overtime), workers shall work no more than 60 hours per week on a regularly-scheduled basis.
- 5.27 Workers must be given at least one day off in every seven-day period or as required by law, whichever is stricter.
- 5.28 All hours must be tracked and records accurately reflect the real working hour situation in the factory. Absence of an adequate system of tracking hours worked means that correct pay for hours worked cannot be verified.
- 5.29 Workers shall be able to record their own hours for themselves (e.g. through punching or swiping their time cards/ID) and have access to their own attendance records upon request.
- 5.30 Legal working hours and the working hours of the factory must be communicated to all workers.
- 5.31 Workers must be given the legally required rest, meal or break time during working hours.
- 5.32 One complete set of working-hour and payroll documents and records, covering all workers, shall be kept on site at each factory. Such records and documents must: cover at least 12 months, or longer if required by law; be accurate and represent true work conditions; and be available to Caprice or their representatives if requested.



## 6. Discrimination

**Principle:** Factories must provide a working environment where workers are treated fairly and without discrimination. All conditions of employment must be based on an individual's ability to do the job, not on the basis of personal characteristics, such as age, race, ethnicity, colour, nationality, gender, religion, caste, marital or maternity status, sexual orientation, disability or political beliefs.

### Supporting Standards: Discrimination

- 6.1 Factories must have a written policy against discrimination in the workplace. The policy shall be effectively communicated to all workers.
- 6.2 All employment decisions, including but not limited to: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, and provision for retirement, shall be made solely based on education, training, and demonstrated skills or abilities. Personal characteristics or beliefs, such as age, race, ethnicity, color, nationality, gender, religion, caste, sexual orientation, marital or maternity status, disability or political beliefs shall not be the basis of such employment decisions.
- 6.3 Discrimination based on workers' associations is prohibited. This includes refusing to hire workers because of their associations, as well as threatening, disciplining, punishing or firing workers because they exercise this right.
- 6.4 The use of medical examinations to prevent a worker from being hired or firing a worker who becomes ill or injured is not allowed.
- 6.5 Religious observance, prayer breaks and religious holidays should not be unreasonably prohibited.
- 6.6 Factory policies must not favor one group of workers over another based on their personal characteristics.
- 6.7 Hiring notices do not specify discriminatory factors, such as age, race, ethnicity, color, nationality, gender, religion, caste, sexual orientation, marital or maternity status, disability or political beliefs.
- 6.8 Contracted agencies must be reviewed to ensure they do not have discriminatory practices and, if found, immediately ceased.
- 6.9 Female workers must not be discriminated against. They must receive equal remuneration, including benefits, equal treatment, equal evaluation of the quality of their work, and equal opportunity to fill all positions open to male workers.
- 6.10 Female workers must not be questioned about their pregnancy status, and pregnancy tests must not be conducted before hiring or as a pre-condition to employment.
- 6.11 Female workers must not be forced or pressured to use contraception.
- 6.12 Female workers who take maternity leave (in accordance with the law) shall not face dismissal, loss of seniority or deduction of wages, and will be able to return to their former position at the same rate of pay and benefits.



## 7. Harassment and Abuse

**Principle:** Factories must not engage in or support any form of harassment or abuse in connection with workers' employment, including physical, sexual, verbal or visual behaviour that creates an offensive, hostile, or intimidating environment.

### **Supporting Standards: Harassment or Abuse**

- 7.1 Factories must have a written policy prohibiting acts of harassment or abuse in the workplace. The policy shall be effectively communicated to all workers.
- 7.2 Factories must not engage in or support any form of harassment or abuse of workers. This includes, but is not limited to:
  - Any physical contact intended to hurt or harm a worker;
  - Requiring any form of sexual favor in exchange for beneficial treatment in employment, or as a condition of maintaining employment;
  - Touching workers in any way that could be considered inappropriate or to have sexual implications;
  - Making sexual comments to workers;
  - Threats of behaviour to harm a worker physically or psychologically; and
  - Comments or behaviour which is reasonably understood by the worker to be threatening, demeaning or coercive.
- 7.3 Illegal methods of discipline, as well as the withdrawal of basic physical comforts provided to other workers, are prohibited.
- 7.4 Body searches, where allowed by law, are conducted only when necessary and are conducted by the appropriate gender.

## 8. Freedom of Association and Collective Bargaining

**Principle:** Factories must, to the extent permitted by local laws, respect the right of their workers to freedom of association and collective bargaining. This includes the right to form and join trade unions or other worker associations of their own choosing without harassment, interference or retaliation.

### **Supporting Standards: Freedom of Association and Collective Bargaining**

- 8.1 Factories must have a written policy on freedom of association and collective bargaining. The policy shall be effectively communicated to all workers to ensure they understand their rights.
- 8.2 Factories must not interfere with the right of its workers to freedom of association and collective bargaining. Workers shall have the right not to join worker associations if they so choose.
- 8.3 When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, factories shall allow workers to freely elect their own representatives with whom the factory can enter into dialogue about workplace issues.
- 8.4 No worker shall be the subject of harassment, intimidation or retaliation in their efforts to freely associate or bargain collectively.



- 8.5 Factories must not interfere with legal activities of trade unions or their representatives. There must be no discrimination towards workers who are members of trade unions or act as worker representatives.
- 8.6 Worker representatives are freely elected without interference from factory management.
- 8.7 Workers have the ability to approach management on issues of concern, on their own or through worker representatives.
- 8.8 Where a collective bargaining agreement is in place, factories must adhere to the legal terms of the agreement.

## 9. Health and Safety

**Principle:** Factories must ensure conditions in all production and residential facilities are safe, clean and consistent with all applicable laws and regulations and/or industry best practices, whichever is higher, in order to avoid preventable work-related accidents and injuries.

### **Supporting Standards: General Health and Safety**

- 9.1 Factories must be aware of industry best practices and have in place a health and safety policy and plan to achieve higher standards on a continuous improvement basis. The policy shall be effectively communicated to all workers.
- 9.2 Factories must have knowledge of and comply with all local legal regulations on health and safety.
- 9.3 Factories must appoint a senior management representative to govern health and safety in the workplace. Representatives are to be responsible for monitoring hazards and regularly inspecting the workplace, participating and conducting trainings, informing on policy changes, communicating and responding to complaints, and implementing improvement plans.
- 9.4 In addition, the senior management representative should identify interested workers and managers as 'health and safety' champions who represent the broader factory team, meet quarterly as a minimum (monthly meetings are preferred), with minutes kept of all meetings outlining attendees, items discussed and actions to be completed.
- 9.5 Regular monitoring is conducted to check that health and safety procedures are being followed.
- 9.6 Workers must be appropriately supervised and trained to perform their jobs safely and receive formal training on safety procedures in general.
- 9.7 Health checks must be provided to employees in accordance with applicable laws.
- 9.8 Factories must be generally kept clean and hygienic in accordance with the law. This includes regular and systematic refuse collection.
- 9.9 Periodic testing (e.g. annual) is conducted on all drinking water to ensure it is safe.
- 9.10 Factories must comply with all applicable local legal regulations regarding the provision of child care/nursery.
- 9.11 There must be a reasonable number of operating toilets that are clean, offer privacy (i.e. stalls with door locks) and a good ventilation system to provide good circulation of air to reduce odours.



- 9.12 Electrical equipment and wiring must be properly maintained, covered/insulated to prevent exposure of wires, and complies with applicable laws. Electrical cords and outlets are in a safe, working condition. Electrical control panels are clearly marked.
- 9.13 High voltage areas and generator areas must be restricted to authorised personnel.
- 9.14 Factories must provide workers with the appropriate personal protective equipment (PPE) or related clothing, and ensure workers are trained on how to use the PPE and why it is important and the use of it is required.
- 9.15 Machinery, equipment and fixtures must be checked regularly to ensure they are in safe working condition. Documentation is maintained to demonstrate compliance.
- 9.16 Valid certifications must be maintained for special machines/facilities operators (Boiler operator, forklift operator, cargo lift operator etc.).
- 9.17 Factories must cooperate with any safety inspections conducted by Caprice or its representatives. Where corrective actions are identified by the safety inspector to bring a factory into compliance with building, fire and electrical safety standards, the factory shall implement the corrective actions, according to a schedule that is mandatory and time-bound, with sufficient time allotted for all major renovations. The factory must maintain workers' employment relationship and regular income during any period that a factory (or portion of a factory) is closed for renovations necessary to complete such corrective actions for a period of no longer than six months.
- 9.18 Injury records must be properly maintained and all significant accidents and near misses are investigated, reported and corrective action is performed to minimise any re-occurrence.
- 9.19 In the event a factory becomes aware of a severe and/or imminent danger to worker safety, they must inform Caprice as soon as possible.
- 9.20 Factories shall respect the right of a worker to refuse work that they have reasonable justification to believe is unsafe, without suffering discrimination or loss of pay, including the right to refuse to enter or to remain inside a building that he or she has reasonable justification to believe is unsafe for occupation.
- 9.21 Factories shall provide access to their facilities for, and cooperate fully with, any training on health and safety related matters conducted by Caprice or its representatives.

#### **Supporting Standards: Building Safety**

- 9.22 Factories must obtain and comply with all legally required building or construction certificates/reports/permits. They must be up to date and available for review.
- 9.23 Factory buildings are aligned with the approved building plan. (i.e. There are no extra floors or external retrofit structures.) Buildings are built and approved for industrial use, not commercial or residential use.
- 9.24 Stairs, platforms, and elevated floors must have railings guards.
- 9.25 Factory buildings are structurally sound and safe. There are no indications of possible structural collapse on the interior or exterior of buildings, such as large visible cracks or sagging in walls and floors.
- 9.26 Factories must be aligned with approved building plans (e.g. no extra floors or external retrofit structures).
- 9.27 Factories must not be located above market places.





- 9.28 Generators and other heavy vibrating equipment, such as boilers, are located on the ground floor and located away from production areas.
- 9.29 Wall coverings are intact, no sign of mould, mildew or water damage on building surfaces, no lifted tiles or hole in the floor.
- 9.30 Building inspections are conducted on a regular basis (at least quarterly) as per standard practice or country law.

**Supporting Standards: Emergency/Fire Preparedness**

- 9.31 Factories must maintain all fire safety certificates, licenses and inspection records as legally required.
- 9.32 Factories shall communicate fire and emergency evacuation plans and post the diagrams in the local language in various locations around the factory. The plan must illustrate critical information such as emergency evacuation routes, “you are here” mark, correct layout direction, location of fire extinguishers and hydrants, and instructions in the local language of what to do in the event of an evacuation.
- 9.33 Factories must conduct fire and emergency evacuation drills for all areas and shifts on an annual basis, or as required by law.
- 9.34 Exit routes are not blocked, free from any obstruction, and are regularly checked.
- 9.35 The number of emergency exits is in accordance with the local law and exits are unlocked, clearly marked, and lead to the outside.
- 9.36 Aisles, stairs and passageways are kept clear at all times and of enough width as per legal requirements.
- 9.37 Fire escape stairs must be available for buildings over one storey high.
- 9.38 Stairways and emergency evacuation routes are equipped with handrails to protect employee from falling, as per legal requirements, where needed.
- 9.39 The installation and design of all emergency exit doors (designed to open outwards, proper width) is in compliance with local law.
- 9.40 Factories must have in place a fire alarm system. Fire alarm system is audible throughout the entire factory. The system is inspected regularly and tested in coordination with fire drills.
- 9.41 Smoke detectors are installed on each floor of the factory, or as required by law.
- 9.42 Fire sprinkler systems are properly installed throughout the factory and are regularly maintained, or as required by law.
- 9.43 Hydrants/fire hose reels and sprinklers must be connected to adequate water supply.
- 9.44 Fire prevention and firefighting equipment, including fire extinguishers, are easily accessible, clearly marked, and routinely inspected to ensure they remain operational.
- 9.45 Fire extinguishers shall be appropriate to the types of potential fires in the various areas of the facility and labelled according to the types of fire they are to be used for:
  - Class A - Ordinary combustible fires (e.g. textiles, wood, paper, plastics)
  - Class B - Flammable liquid, gases, or grease fires (e.g., hydrocarbon, alcohol based liquids and gases)
  - Class C - Electrical equipment fires (e.g. machinery, circuit boards)
  - Class D - Combustible metal fire (e.g. magnesium, lithium, calcium, potassium)
  - Class K – Combustible cooking fluids (e.g. oils and fats) fire
- 9.46 There shall be no less than 2 fire extinguishers in each calculation unit.



- 9.47 Emergency lighting must be installed in all stairways and where needed on exit routes. The lighting is to be inspected periodically.
- 9.48 Flammable materials are stored away from emergency evacuation routes (aisles, exit, stairways and assembly points), open flames, heated surfaces, sparks, and unprotected electrical wiring.
- 9.49 Designated factory personnel (workers and supervisors) are trained at regular intervals in fire safety, the use of fire extinguishers, and how to administer the fire prevention procedures and emergency evacuation plan. Where firefighting training is legally required, training is provided in accordance with the law.
- 9.50 Sufficient first-aid supplies are maintained on work floors with adequate personnel trained in First Aid to assist in an emergency.
- 9.51 Floors are kept clean from hazardous spills and materials.
- 9.52 Emergency and other hazardous signage is adequate.

**Supporting Standards: Chemical and Hazardous Substances**

- 9.53 Factories must assign a responsible person who is trained or qualified for chemical management.
- 9.54 An inventory of chemical and hazardous substances used in the workplace must be kept.
- 9.55 Chemicals used at a factory are registered for the intended use when applicable.
- 9.56 Material safety data sheets (MSDS) are prominently posted in both storage and use zones and maintained in languages understood by workers.
- 9.57 Chemicals and hazardous substances are properly labelled as per label instructions/MSDS.
- 9.58 Chemicals and hazardous substances are stored in a separate covered area that is equipped with appropriate fire extinguishers, safety signs, ventilation, instructions on handling and disposal of chemicals, and personal protective equipment for workers.
- 9.59 Preventative measures are in place to prevent chemical leakages, such as secondary containers.
- 9.60 Flammable and combustible material and chemicals are safely stored away from source of ignitions.
- 9.61 Gas cylinders are properly marked, used, inspected, stored, and secured.
- 9.62 There are functioning emergency eyewash station and/or showers provided where corrosive chemicals or high volumes of solvents are handled and used.
- 9.63 Workers who are involved in handling, clean-up and disposal of chemicals and hazardous substances receive regular training on emergency response plans and actions (with training records maintained).
- 9.64 Regular emergency drills (e.g. chemical leakage, accident drill) are conducted for all workers who work with chemicals or hazardous substances.

**Supporting Standards: Accommodation/dormitory and Food Services**

- 9.65 All health and safety standards listed above are implemented in any factory sponsored dormitory buildings.
- 9.66 Where provided, accommodation and food service areas are generally kept clean, provide a safe, hygienic living environment for workers, and comply with all legal regulations regarding residential facilities and food services.





- 9.67 Kitchen facilities and kitchen staff are clean and hygienic and comply with all applicable legal requirements.
- 9.68 Dormitories are not attached to any production or warehouse building.
- 9.69 Separate accommodation exists for males and females.
- 9.70 Workers' sleeping rooms should be of a reasonable size, well ventilated and with natural light. In workers' sleeping rooms, the ILO recommends the floor area not be less than 7.5 square metres in rooms accommodating two persons; 11.5 square metres in rooms accommodating three persons; or 14.5 square metres in rooms accommodating four persons. If a room accommodates more than four persons, the floor area should be at least 3.6 square metres per person.
- 9.71 Residents should have their own bed, an area for personal items and the ability to secure belongings.
- 9.72 There are a reasonable number of operating toilets and showers that are clean and separated by gender. The ILO recommends a minimum of one toilet, one wash basin and one bathtub or shower for every six persons. Toilets offer privacy (i.e., ability to lock doors) and a good ventilation system to provide good circulation of air to reduce odors.

## 10. Hiring and Regular Employment

**Principle:** Factories must provide each worker with a labour contract which stipulates all legally required employment terms and conditions. In addition, factories must not use labour-only contracting arrangements, consecutive short- term contracts, excessive piece-work or false apprenticeship schemes to avoid obligations of regular employment to workers.

### **Supporting Standards: Hiring and Regular Employment**

- 10.1 Factories must provide a labour contract to each worker which stipulates all legally required employment terms and conditions. The contract should be provided before employment, be in writing and signed by workers in their native language.
- 10.2 Any probation period must be outlined in the contract in accordance with local laws.
- 10.3 Factories must not use labour-only contracting arrangements, consecutive short- term contracts, excessive piece-work or false apprenticeship schemes to avoid obligations of regular employment to workers.
- 10.4 Factories must not change or terminate contracts to avoid obligations of regular employment to workers.
- 10.5 Factories are not allowed to charge their workers recruitment or employment fees, or otherwise withhold wages. These fees are to be borne by the factory. Factories are responsible for payment of employment eligibility fees of migrant workers, including recruitment fees.
- 10.6 If recruitment agents or labour brokers are used, factories must ensure only legally registered/licensed recruitment agents or labour brokers are used and their engagement is subject to a written agreement which ensures compliance with applicable law and this Code.



## 11. Migrant Workers

**Principle:** Factories must ensure that migrant workers have the same entitlement as local workers stipulated by local law and under this Ethical Sourcing Code.

### **Supporting Standards: Migrant Workers**

- 11.1 Factories must act with diligence when engaging and recruiting migrant workers, both directly and indirectly, and ensure all foreign migrant workers are legally eligible to work in the country with valid work permits when required.
- 11.2 Factories must have valid documents from the relevant local authority for permission to employ migrant workers as required by law.
- 11.3 Any commissions and other fees in connection with employment of migrant workers must be paid by the factory upfront. Factories must not charge back or accept reimbursement from any migrant worker to recover any commissions or fees it has paid to hire migrant workers.
- 11.4 Upon a migrant worker's resignation, departure, or termination, the factory must pay to the worker any wages, benefits, or other items owed to the worker and ensure his/her return to their home country without penalty.
- 11.5 If required by law, the factory must pay for all travel costs for returning a migrant worker to their home country.
- 11.6 Factories must not require migrant workers to surrender their identification documents.
- 11.7 Factories must provide training for migrant workers on their rights, job responsibilities, etc., as required by law.

## 12. Environment

**Principle:** Factories shall ensure all operations are carried out in an environmentally responsible manner and, as a minimum, will meet all relevant local and national environmental protection laws.

### **Supporting Standards: Environment**

- 12.1 Factories must have in place a written environmental policy and an environmental management system designed as a minimum to achieve compliance with national environmental protection laws and, where appropriate, to manage environmental impacts associated with manufacturing activities, such as air emissions, water and waste management, energy use and biodiversity impacts. The management system should be developed with reference to internationally recognized standards or initiatives (e.g. ISO 14001).
- 12.2 An environmental-self assessment should be conducted at least annually.
- 12.3 Training is provided to workers with responsibilities under the environmental policy and management system.



- 12.4 A person (with appropriate expertise) must be designated with responsibility for the management of environmental issues within the factory.
- 12.5 All legally required environmental permits, licenses, approvals, and / or other registrations have been obtained and are current.
- 12.6 Factories must undertake remedial action to rectify breaches of environmental regulations which have been subject to any penalties/prosecutions.
- 12.7 Hazardous materials and chemicals, are separated from general waste and disposed according to the law so that these materials are not discharged and do not pollute the environment.
- 12.8 Air emissions have been identified, characterized, routinely monitored, controlled, and treated prior to discharge, and meet the discharge limits for regulated constituents.
- 12.9 Waste water is properly treated to meet discharge standards / limits as legally required; If wastewater is produced but treated off-site, relevant manifests and records are maintained.
- 12.10 A systematic approach has been developed to prevent contamination of storm water runoff. No illegal discharges and spills of waste water is entering storm drains.
- 12.11 Boundary noise sources are identified, evaluated, routinely monitored and controlled as legally required.
- 12.12 Energy consumption is monitored and reduction targets set.
- 12.13 Factories must have procedures in place to alert local environmental authorities in the event of accidental discharge of pollutants or for any other environmental emergency.

### 13. Consumer Protection

**Principle:** Factories must take all reasonable steps to ensure the goods they produce are safe and are not harmful to consumers.

**Supporting Standards: Consumer Protection**

- 13.1 Factories must ensure that the goods they produce meet all agreed or legally required standards for consumer health and safety, including health warnings and product safety and information labels.

### 14. Animal Welfare

**Principle:** Factories must ensure animals within the supply chain are treated with dignity and respect.

**Supporting Standards: Animal Welfare**

- 14.1 Factories must comply with local and national laws related to animal welfare.
- 14.2 Factories must comply with the Caprice *Animal Welfare Policy*



## 15. Unauthorised Subcontracting

**Principle:** Factories must not subcontract, outsource or use homeworkers in production of Caprice orders without prior authorisation from Caprice.

### Supporting Standards: Unauthorised Subcontracting

- 15.1 Prior authorisation for the use of subcontractors must be obtained from Caprice in writing.
- 15.2 Factories must ensure any authorised subcontractors comply with this Code.
- 15.3 For the purposes of this Code, subcontracting refers to the outsourcing of major production processes. It does not refer to outsourcing of ancillary processes.
  - a. Examples of major production processes include but are not limited to: cutting; sewing; main componentry assembly; processing ingredients into a product; refining raw materials into a product; finishing and packing processes.
  - b. Examples of ancillary production processes include but are not limited to: fabric/raw material procurement; mould making; printing; embroidery; dying and washing.
- 15.4 Subcontracting includes outsourcing to (a) factories or facilities owned by a third party, (b) factories or facilities owned by a Caprice supplier, which have not been registered with Caprice; and (c) use of homeworkers.

## 16. Compliance Management System

**Principle:** Factories must have in place a compliance management system to ensure (a) compliance with applicable laws and regulations; (b) conformance with this Ethical Sourcing Code; (c) identification and mitigation of compliance risks related to this Ethical Sourcing Code; and (d) continual improvement.

### Supporting Standards: Compliance Management System

- 16.1 Factories must have in place policies and procedures to ensure compliance with applicable laws and the Caprice Ethical Sourcing Code. Factories must appoint a management representative to implement the factory's compliance policies, procedures and improvement objectives.
- 16.2 must have in place a grievance system available to workers to raise concerns or incidents around breaches of labour standards or other issues concerning factory misconduct. Workers must be made aware and educated on how to use the system and be able to report a grievance in their spoken language. The System must allow for anonymity, confidentiality and ensure non-retaliation for workers who use the system in good faith. Grievance that are reported or raised must be followed up, appropriately and promptly investigated, and properly documented (including investigation outcomes) to demonstrate compliance.
- 16.3 Factories shall conduct an internal audit on a regular basis (no less than once every two years) to ensure conformity to legal and regulatory requirements and the content of the Caprice ESC. Internal audit reports are maintained and available for review.



- 16.4 Managers, staff, supervisors and workers are trained on the factory's own Code of Conduct and/or Caprice ESC. The training is embedded in the orientation process and conducted in local languages.
- 16.5 Factories must comply with the factory registration, disclosure, audit and training requirements set out in the *Caprice ES Program Supplier Manual*.
- 16.6 Factories must comply with Caprice directions restricting or prohibiting sourcing activities designated as High Risk by Carice. Further details of the High Risk designation and notification process are set out in the *Caprice ES Program Supplier Manual*.
- 16.7 Factories must comply with the supplier disclosure requirements set out in the *Caprice Ethical Sourcing Transparency Policy*.



## **APPENDIX A: Definitions**

### **Bonded labour**

Work for an employer not for compensation received by the worker, but to pay off a debt, which is often incurred by another worker offering the worker's labour in exchange.

### **Child labour**

Work undertaken by a child under the age of 15 years of age or the minimum age for work set by local law (whichever is higher).

### **Corrective action**

A corrective action is a change implemented to address a weakness or non-compliance identified in an audit. It is the action taken to correct any non-compliance which has been found in an assessment to an agreed standard.

### **Corrective action plan (CAP)**

The document completed after the audit which confirms the findings and any agreed necessary corrective actions that must be improved to meet our compliance standards.

### **Excessive fees**

Fees charged to a worker that is in excess of the amount legally permitted by any applicable law of the host or home country. Or, in the absence of such law, fees substantially above the prevailing market rate.

### **Employment eligibility fees**

Fees and costs associated with employment, including recruitment agency/placement firm fees, visas, health checks, work permit and work registration fees.

### **Freedom of association**

The right of all workers to join or form a trade union of their own choosing, which is legal in the country in which merchandise is manufactured, and to carry out trade union activities without interference from their employer or from public authorities.

### **Forced labour**

All work or service that is extracted from any person under the menace of any penalty for which the said person has not offered him/herself voluntarily.

### **Grievance procedure**

A process or procedure for workers who may feel that they have been treated unfairly to voice their concerns without fear of repercussion.

### **Harassment**

Any physical, verbal, sexual, or psychological nature, offensive conduct that threatens human dignity and worker morale.

### **Hazardous work**



Hazardous work includes working: with dangerous machinery/equipment (e.g. knives, saws); with chemicals or hazardous substances; in working conditions which may expose a worker to extreme noise, vibrations, cold or hot conditions; in dangerously confined spaces; with lifting heavy things.

**Home worker**

The practice of a worker undertaking work at their place of residence or the residence of a family member.

**Human rights**

A set of principles defined in the Universal Declaration of Human Rights (1948), based on the recognition of the inherent dignity and the equal and inalienable rights of all members of the human family as the foundation of freedom, justice and peace in the world.

**Human trafficking**

The recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs.

**Indentured labour**

Work performed on behalf of an employer who forbids workers from leaving employment at the worker's discretion.

**International Labour Organization (ILO)**

The ILO is the international organisation responsible for drawing up and overseeing international labour standards. It is the only 'tripartite' United Nations agency that brings together representatives of governments, employers and workers to jointly shape policies and programmes promoting Decent Work for all. [www.ilo.org](http://www.ilo.org)

**ILO Convention 138**

This Convention, concerning Minimum Age for Admission to Employment, was adopted in 1973 by the International Labour Organization. It requires ratifying states to pursue a national policy designed to ensure the effective abolition of child labour and to raise progressively the minimum age for admission to employment or work.

**ILO core labour standards**

The ILO core labour standards consist of the following standards, laid out in eight conventions:

- Freedom of association and the effective recognition of the right to collective bargaining (Convention No. 87 & No. 98)
- The elimination of all forms of forced and compulsory labour (Convention No. 29 & No. 105)
- The effective abolition of child labour (Convention No. 138 & No. 182)
- The elimination of discrimination in respect of employment and occupation (Convention No. 100 & No. 111)



**Young worker (or Juvenile worker)**

Any worker over the age of a child as defined by local or national law and under the age of 18.

**Material Safety Data Sheet (MSDS)**

A material safety data sheet is a form that references the properties of a substance and proper handling instructions. A MSDS is not intended for general consumer use, but rather industrial/manufacturer users and safety personnel that may come in direct contact of the substance. MSDS forms may contain detailed information such as physical property data, health effects, first aid, storage recommendations, disposal requirements, necessary protective equipment for handling, and instructions on how to handle spills, etc.

**Piece rate**

A method of paying workers by the number of items they produce, rather than the number of hours they work.

**Subcontracting**

Refers to the outsourcing of major production processes. It does not refer to outsourcing of ancillary processes.

- Examples of major production processes include but are not limited to: cutting; sewing; main componentry assembly; finishing and packing processes.
- Examples of ancillary production processes include but are not limited to: fabric/raw material procurement; mould making; printing; embroidery; dying and washing.

Subcontracting includes outsourcing to (a) factories or facilities owned by a third party, (b) factories or facilities owned by a Caprice supplier, which have not been registered with Caprice; and (c) use of homeworkers.

**Supplier**

A legal entity or individual contracted by Caprice to supply merchandise to, or on behalf of, Caprice.

**Factory**

Any facility used in the production of merchandise. When the terms factory or factories are used in this Code, it refers to a factory or factories registered by a supplier to undertake Caprice related production, unless specified otherwise.

**Trade union (or “Union”)**

An organisation of workers that promotes and protects the interests of its members on issues such as wages and working conditions, especially through negotiations with employers.

**Worker**

A worker is defined widely to include any person working for or on behalf of a factory, including but not limited to, employees, contractors, managers, staff, apprentices, agents, and consultants.

