



Ethical Sourcing Program

Supplier Manual

CAPRICE AUSTRALIA PTY LTD
380 CITY ROAD, SOUTH BANK
VICTORIA, 3006, AUSTRALIA
T +61 3 9922 2500 F +61 3 9922 2699 W WWW.CAPRICE.COM.AU ABN 73011735977

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1. Introduction

Caprice Australia Pty Ltd (Caprice) is a leading Australian supplier of bed linen, licensed product, drapery, blinds and hardware, ready-made furnishings, sheers, crafts, furniture, bags, footwear, apparel, commercial and furnishing fabrics.

Established in 1959, as a family owned business, Caprice revolutionised the soft furnishing industry in Australia to become the first manufacturer to produce continuous sheer curtain fabric. Through strategic acquisition and internal expansion, Caprice has successfully grown into a multi-category business across generic, licensed and branded product.

In an increasingly competitive environment, our diverse product range allows Caprice the unique ability to offer cross category solutions, which along with targeted marketing initiatives and strong partnerships with leading retailers, brands and licensors, have ensured that Caprice remains a market leader across all major categories.

We are dedicated to the design, sourcing and production of products that meet stringent ethical sourcing and quality standards. This supplier manual provides important information for our supplier factories on the requirements of our ethical sourcing program.

2. The Caprice Ethical Sourcing Program

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.

To support this commitment, Caprice has established an Ethical Sourcing Program. The program is divided into three levels of action: **Prevent**, **Detect** and **Respond**. It is supported by a strong governance structure, with clearly defined program objectives, and roles and responsibilities. The ES Program applies to all suppliers contracted by Caprice to supply merchandise to, or on behalf of, Caprice.

Caprice Australia Ethical Sourcing Program

Program Governance, Objectives Roles & Responsibilities		
Prevent	Detect	Respond
<ul style="list-style-type: none">- ES Requirements- Ethical Sourcing Code- ES Policies (Chemical, Animal Welfare, Transparency)- Training	<ul style="list-style-type: none">- Factory Registration and Onboarding- Audits- Purchase Order Rule- Whistleblower Line	<ul style="list-style-type: none">- Incident Management- Program Reporting- Continuous Improvement

3. Ethical Sourcing Code

The Caprice Ethical Sourcing Code ('ESC') includes minimum requirements and expectations 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.

To view the full Code, please see [Ethical Sourcing — Caprice Australia Pty. Ltd.](#)

All suppliers are provided with a copy of the ESC during the onboarding process and must be familiar with its requirements. The ESC forms part of the contract with our suppliers via a certification, which a supplier is required to sign during onboarding (see **Appendix 1**).

We expect our suppliers to be honest and transparent in their dealings with us and to commit to making continuous improvements in their operations.

Code Poster and Worker Hotline

A summary of the core principles of the ESC is available in A3 poster format in local languages (see [here](#)). Supplier factories are required to display the ESC poster in a location that can be seen by all factory workers.

The poster includes details of the Caprice factory worker grievance mechanism. Each report made using the mechanism is investigated and followed up in accordance with an investigation procedure designed to ensure a speedy and adequate response (objective 30 days), as well as procedural fairness to the parties involved. Where the complainant's identity is disclosed, they will be notified of the investigation outcome.

Reporting Violations

Any person, including factory workers, may report actual or suspected violations of the ESC to Caprice via our Compliance Team:

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.

4. Factory Registration and Onboarding

Caprice supplier factories are registered and onboarded according to the process outlined below.

		Task	Indicative Timeline
1	Factory Sourcing	<ul style="list-style-type: none"> Factory is sourced by Sourcing Team or a Caprice Agent. 	Day 1
2	Factory Profile Form	<ul style="list-style-type: none"> Compliance Team arranges for factory to complete Caprice Factory Profile Form (see Appendix 2). 	Week 1
3	Factory Vetting Process	<ul style="list-style-type: none"> Compliance Team conducts factory vetting process using new Factory Vetting Questionnaire (see Appendix 3). 	Week 2
4	Production Capability Assessment	<ul style="list-style-type: none"> Compliance Team confirm factory's capability in meeting required production requirements based on vetting questionnaire. Sourcing and Sales Teams notified of results. 	Week 2
5	ES onboarding pack & Training	<ul style="list-style-type: none"> Compliance Team provide factory with ES onboarding pack. Compliance Team provide/assign factory with Caprice ES training. 	Week 3
6	Compliance Certifications	<ul style="list-style-type: none"> Compliance Team arrange for factory to sign Caprice ES compliance certifications/ declarations: <ul style="list-style-type: none"> Ethical Sourcing Compliance Declaration (see Appendix 1) Chemical Compliance Declaration (see Appendix 4) 	Week 3
7	Factory registered with Caprice and Customer (if required)	<ul style="list-style-type: none"> Sales Team commence factory registration with customer (if required). Sales Team notify compliance team of registration commencement. Compliance Team asks factory to register in Caprice system (3 Clicks). After the factory is registered in 3 Clicks, Compliance Team email IT team and request to activate factory in 3 Clicks. 	Week 4

		<ul style="list-style-type: none"> • Compliance Team email finance team and request register factory in Caprice ASW. • Factory is registered with Retail Customer if required. 	
8 (a)	ES Audits	<ul style="list-style-type: none"> • If required, Customer/licensor conducts or mutually recognises ES audits • In the event no customer/licensor ES audits: <ul style="list-style-type: none"> ○ Valid mutually recognised audit accepted by Caprice; or ○ Compliance Team arranges/conducts ES audit of factory against Caprice audit checklist. • Compliance Team manage Audit process and CAP follow up <p>(see section 5 below)</p>	Week 4-5
8(b)	Technical audits	<ul style="list-style-type: none"> • If required, Customer/licensor conducts or mutually recognises technical audits. 	Week 4-6
9	Factory Approved for Production	<ul style="list-style-type: none"> • Factory approved (via email) for production by: <ul style="list-style-type: none"> ○ Compliance Team; ○ Customer/Licensor (if required); and ○ Managing Director. • Compliance Team notify Sourcing and Sales Team factory approved. • Factory approval confirmed in 3 Clicks by Managing Director. Factory approved for production. 	Week 7

5. Ethical Sourcing Audits

All Caprice supplier factories must have a valid ES audit. The Following ES audits are undertaken, facilitated or accepted by Caprice:

Type	Description	Audit Renewal Due	Audit Costs
Customer/Licensor Audits (Onboarding or Unannounced)	<ul style="list-style-type: none"> When required, Caprice will facilitate 3rd party ES audits required by a customer or licensor. Audits may occur during factory onboarding or during the course of factory production (e.g. random unannounced audits). Minimum audit rating set by customer/licensor. Some customers/licensors permit mutual recognition of other 3rd party audits. 	As per customer requirements	Cost paid by factory
Mutual Recognition Audits (Onboarding)	<ul style="list-style-type: none"> In the absence of any specific customer/licensor audit requirements, Caprice will mutually recognise audits for factory onboarding purposes. Following audits are mutually recognised: BSCI, SMETA, SA8000, WRAP, ICTI, FLA, Kmart/Target Aust, Disney ILS, Walmart RS. Accepted audit rating at Caprice discretion. No CNC issues permitted. Mutually recognised audits must be valid and current. 	Renewal when MR audits require renewal	Cost paid by factory
Caprice ES Audits (Onboarding)	<ul style="list-style-type: none"> In the absence of any specific customer/licensor audit requirements or mutually recognised audit, Caprice will require a factory to undergo a Caprice ES audit for factory onboarding. Audit rating as per Caprice audit rating system. 	As per Caprice audit rating system	Cost paid by Caprice

Caprice ES Audits (Unannounced)	<ul style="list-style-type: none"> • Caprice may undertake unannounced ES audits at anytime. • Audit rating as per Caprice audit rating system 	N/A	Audit costs paid by Caprice
Caprice sub-contracting Verifications (Unannounced)	<ul style="list-style-type: none"> • Caprice may undertake unannounced 3rd party sub-contracting verifications at any time. 	N/A	Audit costs paid by Caprice

Caprice Audit Rating System

The Table below sets out the Caprice Ethical Sourcing traffic light grading system used for the purposes of Caprice Supplier factory ES audits and mutual recognition. Caprice retail customers and licensors may have their own grading systems.

Rating	Description
Green	Approved (2 years): No issue or only minor issues identified.
Yellow	Conditionally approved subject to CAP (1 year): One or more major issues identified.
Orange	Factory on probation subject to CAP (six months): <ul style="list-style-type: none"> • One or more Major (cat 1) identified. • Significant number of major issues identified [e.g. more than 10]
Red	Audit fail <ul style="list-style-type: none"> • Critical Non-Compliance (CNC) • Unacceptable number of major or major (cat 1) issues identified

Critical Non-Compliance (CNC)

Caprice has designated the following issues as a critical non-compliance:

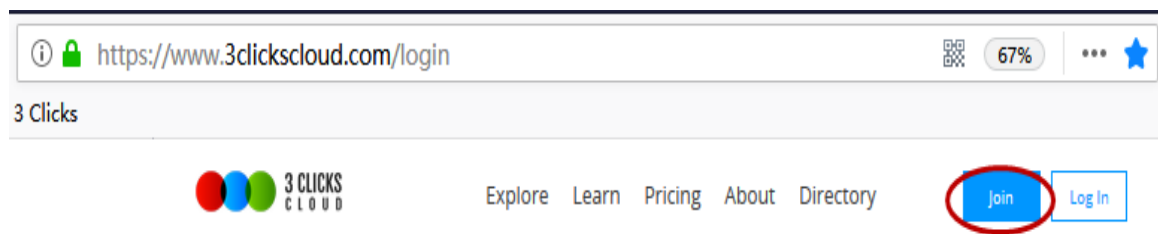
- Bribery

- Child labour
- Forced/Bonded labour
- Physical abuse
- Un-authorized subcontracting
- Life threatening health and safety issues
- Building integrity issues endangering human life
- Illegal migrant workers
- Illegal Restricted movement of workers

6. Registering factories in 3 Clicks

All Caprice supplier factories must register their factory details in 3 Clicks as part of the onboarding process. 3 Clicks is the online platform through which Caprice will place and manage purchase orders with your factory.

To register your factory please go to: www.3clickscloud.com/login and click on the “Join” icon. You will then be prompted to enter your company’s details as well as the person who will be the 3 Clicks site administrator for the factory.



3 Clicks is also the platform through which the Caprice Compliance Team will manage the ES and technical audit CAP process. It includes a Manual in which supplier factories will be able to access important ES and Quality documents such as the ES Code and the ES Code poster in multiple languages.

7. Unauthorised Subcontracting

Factories must not subcontract, outsource or use homeworkers in production of Caprice orders without prior authorisation from Caprice. Prior authorisation for the use of subcontractors must be obtained from Caprice in writing and on the condition that subcontractors comply with the Caprice Ethical Sourcing Code. Caprice may determine that the subcontractor is subject to the Caprice ES audit requirements.

For the purposes of the 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; dyeing 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.

8. Caprice Chemical Policy and Declaration

The Caprice Chemicals Policy sets out additional requirements our suppliers must follow regarding use of chemicals and restrictive use of hazardous chemicals in the interests of consumer safety and minimizing the environmental impacts of our products. To view the Policy, see [here](#).

Supplier factories are required to sign an annual Chemical Compliance Declaration (see **Appendix 4**) to confirm their compliance with the Policy. To confirm chemical compliance, either of the following means can be used to provide evidence the product complies with the Caprice minimum requirements for Hazardous Chemicals:

- Sample and test the product with a 3rd party independent testing laboratory in accordance with the test methods quoted above. Submit the test reports to Caprice QA Team.
- Provide a current valid Oeko-Tex certificate (Baby product accept Class I, Other age group accept Class II). Oeko-Tex Standard 100 is an accreditation scheme validating that the dyeing, finishing and printing process meets the GOTS environmental and sustainability requirements for textile production.

9. Caprice Animal Welfare Policy

As stipulated in the Caprice Ethical Sourcing Code, supplier factories must ensure animals within the supply chain are treated with dignity and respect and comply with local and national laws related to animal welfare. Factories must also comply with the Caprice Animal Welfare Policy, which can be located [here](#).

10. Ethical Sourcing Transparency Policy

Supply chain transparency is a cornerstone principle of our ES program and wider sustainability commitments. A fully transparent supply chain will assist Caprice to ensure that each supplier in the supply chain meets our ethical sourcing and sustainability standards.

Caprice has adopted an Ethical Sourcing Transparency Policy, which sets out ethical sourcing transparency requirements that suppliers must follow when supplying products to Caprice. The Policy has been designed to align with the transparency requirements of our key retail customers and licensors. The full Policy can be viewed [here](#).

Upon request and in the form requested by Caprice, suppliers must disclose information about the supply chain through which it, or its approved Subcontractors, manufacture the goods supplied under any Caprice order. Such information may relate to any Tier in the supply chain and may include, among other things:

- Name and address of any supplier in the production process (any Tier), including service providers.
- Processes and components used in the production process.
- Materials, including raw materials used in the production process and their country or region of origin.
- Information relating to work force composition, including number of workers, wages and benefits, age and gender, country or region of origin.
- Information relating to environmental impacts of the production process or materials used in production, such as GHG emissions, energy use, waste, water, chemicals, pollution, impacts on biodiversity.
- Information relating to product packaging.
- Information relating to any third-party service providers used during the production process or transportation of products.
- Information specifically required to be disclosed under the Caprice Ethical Sourcing Code.
- Information required as part of a High Risk designation (see section 10 above).

As part of its commitment to ethical sourcing and transparency, Caprice may make public or publish any of the above information, including the name and address of any supplier in the supply chain.

11. High Risk Designations

Section 16.6 of the Caprice Ethical Sourcing Code states that *Factories must comply with Caprice directions restricting or prohibiting sourcing activities designated as High Risk by Caprice.*

High Risk designations may apply to any sourcing activity which constitutes, or could result in, a significant breach of Caprice ethical sourcing standards or a Caprice customer/licensor's ethical sourcing standards. Caprice may issue a direction which restricts or prohibits factories from engaging in a High Risk sourcing activity.

When a High Risk designation is made, Caprice will issue a communication to factories impacted by the designation which outlines:

- The specific sourcing activity which is deemed High Risk;
- Details on the ethical sourcing standards which are being breached, or are at risk of being breached;
- Directions restricting or prohibiting the High Risk sourcing activity, or any other relevant actions Suppliers must take to mitigate the risk;
- Details of any relevant compliance measures Caprice will be taking to enforce the designation; and
- Relevant time period of the designation.

12. Ethical Sourcing Contacts

Contact the Caprice ES Team if You Have any Queries

Spring Zhang, Compliance Manager, szhang@caprice.com.cn

ES Website Link

<https://www.caprice.com.au/ethicalsourcing>

Appendix 1: Ethical Sourcing Compliance Declaration (English) (Extract Only)

Caprice Australia

**CAPRICE AUSTRALIA PTY LTD
ETHICAL SOURCING COMPLIANCE DECLARATION**

I hereby declare that:

- I am an authorised representative of: ("the factory")
- I have read and understand the requirements contained in the Caprice Australia Ethical Sourcing Code.
- All orders placed by Caprice Australia will be produced by the Factory in compliance with the Ethical Sourcing Code.
- I acknowledge that Caprice Australia, or its representative, has the right to conduct audits or assessments of the Factory (announced or unannounced) to determine compliance with the Ethical Sourcing Code.
- I understand that should there be a critical breach of the Ethical Sourcing Code by the Factory or a pattern of ongoing breaches indicating the Factory does not demonstrate a willingness to comply, Caprice Australia reserves the right to:
 - o terminate its relationship with the Factory,
 - o cancel any orders (without payment), or
 - o reject or return any orders that have not been used by Caprice or its customers in the normal course of business (with full reimbursement).
- I understand that sub-contracting*, without the express authorisation of Caprice Australia in writing, constitutes a critical breach of the Ethical Sourcing Code.

***Sub-contracting**

- Subcontracting refers to the outsourcing of major production processes. It does not refer to outsourcing of ancillary processes.
 - o Examples of major production processes include but are not limited to: cutting; sewing; main componentry assembly; finishing and packing processes.
 - o Examples of ancillary production processes include but are not limited to: fabric/raw material procurement; mould making; printing; embroidery; dyeing and washing.
- It includes outsourcing to
 - o factories or facilities owned by a third party,
 - o factories or facilities owned by a Caprice supplier, which have not been registered with Caprice; and
 - o use of homeworkers.

Factory Name:

Address:

Position of signatory:

Full name of signatory:

Signature:

Date:



Appendix 3: New Factory Vetting Questionnaire (Extract only)



New Factory Vetting Questionnaire

Supplier Name:		Factory Name	
Supplier Address:		Factory Address:	
Supplier Contact:		Factory Contact:	
Contact email:		Contact email:	
Contact phone#:		Contact phone#:	
Visit by:		Visiting Date:	
Supplier attendee:		Is complete Factory profile submitted?	

I. FACTORY GENERAL INFORMATION:

No.	Questions	Answers	Remark
1	When was this factory built? How is it divided (plant layout)? 工厂是什么时间建成的? 各楼层如何分布?		
2	Is factory rented or owned? What is factory's floor area? 厂房是自有的还是租赁的? 厂房的建筑面积是多少?		
3	Does the factory get all official certificate/letters from local government? Like construction inspection certificate, fire safety inspection certificate and Environment Permit. 工厂是否有从当地政府取得所有的证书? 如: 建筑验收合格证书, 消防安全证书, 环保许可证等 (如有, 请拍照留底)		
4	Is there compliance team/representative in factory? Does this team/representative well aware of all compliance policy/standard? 工厂有负责验厂的团队或者代表么? 负责验厂的人员是否了解验厂的要求和标准?		
5	Did the factory go through any quality or social compliance certifications for other retailers / brands? 工厂有通过其他客户或者品牌品质和社会责任验厂么?		
6	What is factory's monthly capacity? How much of the factory's capacity that could be allocated to used for Caprice product type? 工厂的月产能是多少? 针对我们的产品类型, 工厂能够提供多少产能? 请按照产品种类列出明细?		

II. SAMPLING CAPACITY AND TIMING

No.	Questions	Answers/Comments	Remark
1	Is there sampling room within factory facility? How many employees work for sampling? 工厂是否有打样室? 有几个员工专门负责打样?		
2	Does the factory know what kind of items they will develop for Caprice? 工厂知道要为Caprice开发什么产品么?		
3	What is the sampling lead time? 样品的交货时间需要多长?		

III. PRODUCTION CAPACITY

No.	Questions	Answers/Comments	Remark
1	What is the factory's annual turnover? 工厂的年均营业额是多少?		
2	Does the factory have a peak season and a low season? If yes, when? 工厂有旺季和淡季么? 怎么分?		
3	Are most of the workers local, or do they come from other places (list the ratio)? 是否大部分的工人是本地人? 还是来自其他地方? 比例是多少?		
	Who are the factories top customers world-wide with what's product type and annual volumes in US \$ and quantity? (Pls list ...)		

Appendix 4: Chemical Compliance Declaration (Extract Only)

Caprice Australia

CAPRICE AUSTRALIA PTY LTD CHEMICAL COMPLIANCE DECLARATION

The *Caprice Chemicals Policy* (see [here](#)) sets out requirements our supplier factories must follow regarding restrictive use of hazardous chemicals in the interests of consumer safety and minimizing the environmental impacts of our products.

Suppliers must implement appropriate management processes, including a verification process, to ensure compliance. The Chemicals Policy includes three key sections:

Section 1: Restricted Substances: Can be used, subject to restrictions as outlined in the Assessment Matrix;
Section 2: Prohibited Substances: Cannot be Used; and
Section 3: Substances of very high concern: Use with caution.

Suppliers are required to confirm compliance with the Chemicals Policy by completing this declaration on an annual basis. To confirm chemical compliance, either of the following means can be used to provide evidence the product complies with the Caprice minimum requirements for Hazardous Chemicals:

- Sample and test the product with independent third party testing laboratory in accordance with the test methods outlined in the Chemicals Policy and submit the test reports to Caprice QA Team.
- Provide a current valid Oeko-Tex certificate (Baby product accept Class I, other age group accept Class II).

Caprice reserves the right to carry out random testing and audits to ensure that product complies with the Chemicals Policy.

Declaration: I declare that all orders for Caprice Australia Pty Ltd will comply with the Caprice Chemicals Policy. I confirm that I have read and understand the Policy and communicated its requirements to our suppliers to ensure all stages of manufacture have effective controls in place that effectively manage compliance with the chemical restrictions outlined in the Policy:

Supplier Name: _____

Supplier Address: _____

Email: _____

Name of Signatory: _____
