



SHEIKE

# ETHICAL SOURCING POLICY

23 MAY 2023

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1.0

# INTRODUCTION

## 1.0 INTRODUCTION

Whilst we continue to create garments and accessories that empower our customers, our organisation is undergoing a critical piece of work to elevate its responsibility and integrate a new mission:

**To positively contribute to society and minimise our impact on the planet.**

At SHEIKE, we are taking a progressive approach to implementing practices to fulfil this mission, collectively. Our Ethical Sourcing Policy (ESP or Policy) outlines the minimum requirements we expect from our business partners and their Suppliers and ensures that ethical standards are employed across all operations.

We must ensure transparent, effective processes and controls are in place to identify, assess and address risks within our supply chain and operations. Together this work has no end date. We wish to partner with our Suppliers, factories and their workers to share transparent and collaborative information to ensure fair and safe work conditions.

We believe in taking responsibility for tackling industry issues to promote sustainable development and to help improve the overall working conditions in the garment/textile industry. Our ESP is based upon the foundations of the Ethical Trade Initiative ETI Base Code and the International Labour Organisation ILO, as well The UN Guiding Principles on Business and Human Rights (The Guiding Principles).

This ESP has been informed by the Australian Modern Slavery Act 2018 (Cth) and the guidance issued by the Australian Government.



2.0

# TRANSPARENCY / THE VALUE CHAIN

## 2.0 TRANSPARENCY / THE VALUE CHAIN

The textile value chain is highly complex and involves multiple steps of manufacturing.

Additionally, today's clients and customers expect an increasing level of transparency. SHEIKE is committed to building this transparency and ensuring every tier of manufacture across the value chain complies with this ESP and works transparently.

SHEIKE will be taking a phased approach towards transparency across a reasonable timeframe. The first phase will focus on Tier 1: finished goods manufacturing. Future phases will focus on Tiers 2, 3 and 4. However, it is expected that Suppliers/Factories ensure compliance across the entire supply chain and at every tier. The Suppliers/Factories acknowledge that SHEIKE reserves the right to audit beyond Tier 1 to ensure compliance with the ESP. The ESP will apply across all tiers (1, 2, 3, and 4) of the supply chain.

The future focus will include Suppliers/Factories being asked to share the Tier (2, 3, and 4) supply chain details, this collaborative approach towards building transparency and ensuring compliance with this policy at all tier levels.

The following defines the summary of the supply chain; while not exhaustive, it describes the main steps of the value chain.

### 2.1 SUPPLY CHAIN TIER BREAKDOWN

TIER 0	TIER 1	TIER 2	TIER 3		TIER 4
<b>Brand</b>	<b>Finished Goods</b>	<b>Materials</b>	<b>Spinning</b>	<b>Raw Material Fibra</b>	<b>Farm</b>
	Cutting	Knitting	Yarn	Ginning	First Stage Fibre
	Sewing	Weaving	Yarn Dying	Chipping	
	Packing	Dying, Printing, Embellishment	Yarn Finishing	Extrusion	
	Linking Outsourced		Trim		

3.0

# GENERAL OBLIGATIONS



## 3.0 GENERAL OBLIGATIONS

### 3.1 DEFINITIONS AND INTERPRETATION

In this Policy:

**Factory** means the factory that produces the finished goods under Tier 1.

**Supplier** means a business which has contracted with SHEIKE to manufacture and supply goods to SHEIKE.

Often we work with parent Suppliers, frequently acting as “agents”. Typically, our purchase contract is with the Supplier. When contracting the Supplier for the manufacturing and supply of goods, the Supplier is obliged to provide details and if requested evidence of compliance with this ESP of which T1 production facility will manufacture the goods.

**Worker** means an employee or independent contractor.

### 3.2 SUPPLIER/FACTORY OBLIGATIONS

Upon request, the Supplier must provide details and evidence of compliance with this Policy, including details of the Factory which will manufacture the goods.

Factories must be from an approved list of factories, as provided by SHEIKE. The agreed Production Facility will be set out in the relevant supply Contract between the Supplier and SHEIKE. Any changes to the Production Facility for the relevant Contract or other changes to the Contract must be agreed between the parties in writing.

For the avoidance of doubt, the Supplier and Factory may be the same business or entity.

### 3.3 UNAUTHORISED SUBCONTRACTING OF MANUFACTURING T1

SHEIKE has a zero-tolerance policy for unauthorised subcontracting.

Suppliers and/or Factories, as relevant, must provide written request to SHEIKE within 60 days prior to bulk production if they wish to produce goods in a SHEIKE unapproved factory location.

SHEIKE has no obligation to approve any proposed factory and may reject any proposed factory in its sole discretion.

Direct Suppliers will be required to monitor any approved subcontractors for social and environmental responsibility using standards that meet or exceed our ESP.

### 3.4 HOMEWORK

Workers are strictly prohibited from taking work home. For the avoidance of doubt, Homework is deemed unauthorised subcontracting and a breach of this ESP.



4.0

# SCOPE

## 4.0 SCOPE

This Policy extends to all organisations who conduct business with SHEIKE, including any business that:

- produces retail goods for SHEIKE, whether retail goods or goods that are not for resale; or
- provides a service to SHEIKE, whether as part of the supply chain or otherwise.

This Policy applies to agents, garment facilities, distributors, procurement, vendors, and stakeholders, that conduct direct business with SHEIKE, and appropriate provisions will be taken to ensure that this ESP is implemented across all business units, including approached sub-contractors.

### 4.1 LAW AND LICENCES

Suppliers and Factories are responsible for following the relevant laws in their country and/or jurisdiction (International Laws).

In the event of any inconsistency between this Policy and:

- a) International Laws, this Policy will prevail and must be complied with; and
- b) Australian Laws, the Australian laws will prevail and must be complied with.

In circumstances where this ESP may establish a higher standard than the law requires and address issues not covered by legislation, a Supplier is expected to voluntarily agree to abide by the additional higher standards and requirements in this ESP.

In circumstances where an Australian or different local law, regulation or contractual obligations impose a stricter standard than this ESP, those legal requirements must be complied with and prevail to the extent of any inconsistencies with the policy.

A woman with long dark hair and gold hoop earrings is wearing a dark blue, sleeveless, square-neckline dress with a fitted bodice and a full, flared skirt. She is standing on a stone balcony with a view of the ocean and a sunset in the background. The text '5.0' is centered on her bodice.

5.0

# REGISTERING AND APPROVAL OF EACH FACTORY

## **5.0 REGISTERING AND APPROVAL OF EACH FACTORY**

The Factory must have received SHEIKE's written approval prior to the proposed use of any factory to produce SHEIKE products (Proposed Factory), at least 60 days prior to the commencement of any bulk production. If such approval has not been obtained then the Supplier/Factory may not use the proposed factory for the production of any SHEIKE products. The parties acknowledge that SHEIKE may withhold its approval in its sole discretion.

Suppliers must provide to SHEIKE complete and accurate details of every Proposed Factory as soon as possible and at least 60 days prior to the proposed commencement of any bulk production.

The following summarises the steps.

### **5.1 SUPPLIER AND FACTORY REGISTRATION**

- Finance/trading terms of agreement (SHEIKE CFO signoff).
- Onboarding checklist and documentation
- Factory details (must include each factory. Should you require additional factories to be added, they must be approved prior to authorisation of any bulk production)
- Where the Supplier and Factory are the same (all details must match), both registrations must be followed.
- A valid SMETA 2 Pillar audit



6.0

# FACTORY REGISTRATION AND APPROVAL

## 6.0 FACTORY REGISTRATION AND APPROVAL

**EACH FACTORY MUST BE REGISTERED AND APPROVED BY SHEIKE IN WRITING.**

The Supplier must provide the following complete and accurate information to SHEIKE for approval prior to using any Factory:

- Factory information, including and
- A current audit (within 12 months) (SEDEX/SMETA 2p audit only) OR

SMETA audit must be arranged via our approved provider QIMA at factories expense.

### EXAMPLE (1 SUPPLIER WITH 2 FACTORIES)

Supplier/Agent Name	Supplier Address	Factory Name	Factory Address	Current Audit
ABC Garment Traders	1 XYZ street, Shanghai PRC China	John Textiles	Factory 1 123 Green St Ningbo PRC China	SMETA - 01/08/2022 Provided
		Silver Garments	Floor 3 Unit 5 / 656 Yellow st Yiwu PRC China	No Audit



7.0

# AUDIT FREQUENCY AND CORRECTIVE ACTION PLAN (CAP)



## 7.0 AUDIO FREQUENCY AND CORRECTIVE ACTION PLAN (CAP)

### 7.1 AUDIT CYCLE / CAPS

On registering for approval, each Factory must provide a complete, valid and recent (within 12 months) audit report conducted by a recognised audit company certified by the Association of Professional Social Compliance Auditors, which are authorised third-party auditors according to QIMA standards.

Following the SHEIKE assessment of the audit report, each factory will be ranked A-E. (See appendix for future updates on the definition of these classifications). Factories that have not been ranked by SHEIKE or which have been given an E- rated score are unauthorised to manufacture SHEIKE products (Unauthorised Factories) and the Supplier agrees that it will not engage those Factories to manufacture any products for SHEIKE. Unauthorised Factories are not permitted to manufacture for SHEIKE until remedies or CAP evidence has been provided and breaches causing the E-rating have been rectified, as solely determined by SHEIKE.

In determining the ranking of a Factory, SHEIKE and the Factory may agree upon a CAP and the required timeline for completion of the CAP by the Factory. To satisfy completion of the CAP by the Factory, SHEIKE may require the Factory to provide evidence of such improvements and/or request that a secondary audit is undertaken in relation to the Factory. The Factory is solely liable for any costs associated with undertaking the audit, remediation works and CAP and SHEIKE is not liable to pay any such amounts.

### 7.2 FACTORY AUDIT CYCLE SUMMARY - MINIMUM

Grade	On Opening	Every 12 Months	CAPS
A	Each factory must provide a valid (within 12 months) SEDEX/SMETA audit report OR arrange via SHEIKE approved provider.	YES	CAPS must be closed either via providing evidence or by re-audit within the agreed time
B		YES	
C		YES	
D		YES	
E	<b>CLOSE/BLOCKED NO ORDERS</b>		

### 7.3 AUDIT COST

Audits must be conducted by a recognised ASPCA audit company. SHEIKE recommends QIMA. The Supplier/ Factory is solely liable for any costs associated with auditing, inspections and related reporting (such as CAP follow-ups), and SHEIKE is not liable to pay any such amounts. Each individual factory will need to become a member of SEDEX and conduct a Self Assessment Questionnaire and where required complete the onsite SMETA 2 Pillar audit.

## **7.0 AUDIO FREQUENCY AND CORRECTIVE ACTION PLAN (CAP), CONT'D**

### **7.4 TERMINATION/FACTORY DEREGISTRATION**

SHEIKE reserves the right to deregister Factories without prior notice or approval from any Factory or Supplier. For the avoidance of doubt, SHEIKE may place an immediate hold or block on any Factory which is, or is suspected to be, in breach of this Policy.

SHEIKE requires Suppliers and Factories to make action plans to achieve positive change progressively. Accordingly, SHEIKE reserves the right to cease trading with Suppliers and Factories that cannot demonstrate this progressive improvement over the period agreed between the parties.

### **7.5 COMPLIANCE FAILURE**

If an audit identifies a violation of this Policy, the Supplier or Factory (as relevant) must:

- Immediately provide SHEIKE with details of the breach; and
- Correct the situation to the standard and in the manner as solely determined by SHEIKE.

Without limiting its other rights (including the right to terminate the relationship), SHEIKE will only continue to work with a Supplier or Factory on the basis that:

- A Corrective Action Plan (CAP) approved by a SHEIKE-endorsed independent auditor is put in place and resolved within six (6) months from the date of the audit (or such other period as required by SHEIKE).
- The Supplier obtains a clean audit opinion within six (6) months (or such other period required by SHEIKE) of the issuance of the CAP.

### **7.6 ON-SITE AUDITING AND INSPECTION POLICY**

SHEIKE reserves the right to conduct on-site inspections and audits to ensure compliance with this Policy. On-site inspections and audits may be announced, semi-announced or unannounced. Any refusal of a SHEIKE staff member or other third party contractor as authorised by SHEIKE, to enter the premises for the purpose of conducting such on-site inspections and audit will result in a breach of this Policy and a removal of any SHEIKE approval of the Supplier or Factory, as relevant.

Inspections and audits may be conducted by certified ASPCA auditors, our staff, or appointed personnel, or any third party nominated by SHEIKE, at any time. The Supplier and Factory agree to provide access and assistance to any such party for any purpose related to determining compliance with this Policy and any supply agreement.

The Supplier must ensure that all Factories are registered with SHEIKE and compliant with this Policy, and maintain valid audit results within the required audit cycle.

Following an inspection and/or audit, SHEIKE may introduce a CAP with the relevant Factory. SHEIKE reserves the right to inspect, audit and/or follow up on any CAP and/or remedy of any breaches in the Policy. The Supplier and the Factory agree to provide any information or access to SHEIKE in order for SHEIKE to assess compliance with the CAP.

A woman with long dark hair, wearing black sunglasses and large gold earrings, stands on a balcony. She is wearing a vibrant red, one-shoulder, wrap-style dress with a large ruffled detail on the shoulder. The background shows a scenic view of a body of water and mountains under a clear sky. The text '8.0' is centered on the page.

8.0

# BRIBERY AND CORRUPTION

## 8.0 BRIBERY AND CORRUPTION

SHEIKE has a zero-tolerance policy for accepting bribery, corruption, or extortion within our value chain. Bribes can take many forms, including money, gifts, tickets, entertainment, travel, promises of employment or future business relationships.

Corruption is any abuse of a position of trust for inappropriate personal gain. Extortion refers to the practice of wrongful use of actual or threatened force, violence, or intimidation to gain from an individual or entity.

SHEIKE prohibits Suppliers, sub-Suppliers, Factories or any of their subcontractors from engaging in any forms of bribery, corruption, or extortion. Engaging in any form of bribery, corruption or extortion to influence an outcome or a situation is strictly prohibited by SHEIKE.

Suppliers, Factories, and their related contractors, sub-contractors, agents, employees or representatives are prohibited from offering or accepting remuneration or gifts (whether monetary or otherwise) which seek or may be perceived by SHEIKE to seek, to affect partial judgement or objectivity.

For the avoidance of doubt, bribery, corruption or extortion is a breach of this Policy and SHEIKE's Workplace Code of Conduct, and any report or suspicion of bribery, corruption or in connection with a Supplier or Factory will result in deregistration of the Supplier Factory and the change of status of the breaching Factory to an Unapproved Factory.



9.0

# GENERAL HUMAN RESOURCES, POLICIES AND PROCEDURES

## 9.0 GENERAL HUMAN RESOURCES, POLICIES AND PROCEDURES

Employers must have written policies and practices in place, and maintain proper and accurate records.

Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member and ensure workers at all levels receive communication and training about applicable laws, existing policies and procedures.

Employers should engage in regular reviews of policies, procedures and their implementation in a consultative manner and amend such policies and procedures as necessary.

Employers shall maintain easy access to all documentation needed to demonstrate compliance with local laws, regulations and ILO conventions mentioned within this Policy.

Employers shall have all relevant documents available to third-party assessors and/or SHEIKE representatives and submit them to inspections without prior notice. Employers shall exercise full transparency throughout the assessment process.

All notices legally required to be posted in the workplace work areas shall be posted in a prominent place within the factory by the Employer in both the local language and in English.

Third-party recruitment agencies must comply with the provisions of this Policy.

Workers shall not be required to pay employers or their agents any recruitment fees to obtain employment.

Employment decisions shall not be made based on gender, race, religion, age, sexual orientation, nationality, political opinion, social group, ethnic origin, marital status, or union affiliation or sympathy.

Regular employment - To every extent, work performed must be on the basis of a recognised employment relationship established through national law and practice.

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through labour-only contracting, sub-contracting, home working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term employment contracts.



10.0

# HUMAN RIGHTS

## 10.0 HUMAN RIGHTS

SHEIKE expects that its employees and contractors, Suppliers and Factories and related personnel across the supply chain, are committed to upholding basic human rights and compliance standards and ensure there are no violations of these basic human rights. SHEIKE supports and endorses the ILO guiding principles. We respect that workers' freedom of movement must always be preserved. Workers must be allowed to leave the work environment and go to a place of safety determined by the worker.

### 10.1 MINIMUM AGE CONVENTION AND WORST FORMS OF CHILD LABOUR (ILO CONVENTION 138 AND 182)

#### Collection and validation of the date of birth of all workers

Employers shall collect and maintain all documentation necessary to confirm and verify the date of birth of all workers, such as birth certificates. They shall take reasonable measures to ensure such documentation is complete and accurate and is handled in a confidential, secure and private manner.

In cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary and reasonable precautions to ensure all workers are at least the minimum working age. This includes requesting and maintaining medical or religious records of workers or through other means considered reliable in the local context.

### 10.2 NO CHILD LABOUR

Child labour is hiring a worker that is under than the age of 15.

Children under the age of 15 are forbidden from entering production areas under all circumstances. SHEIKE does not accept, condone or support the economic exploitation of children under any circumstance or for any reason.

Suppliers and Factories must ensure that no child labour is used in the production of goods and services. Workers aged 15-18 who are legally allowed to work must be treated with special consideration, with working hours and tasks adapted to their age. For the avoidance of doubt, workers aged 15-18 must not engage in hazardous work, excessive overtime or night shifts.

The Supplier and Factories must develop or participate in, and contribute to, policies and programs which provide for the transition of any child found to be performing child labour to enable them to attend and remain in quality education until they are no longer a child.

If any child or under-age worker is identified, Suppliers must take full responsibility to remediate morally and ethically so that it will not negatively impact the child's life.

This process must be reported to SHEIKE and may result in the Factory being deregistered and termination of any arrangements with the Supplier.



## **10.0 HUMAN RIGHTS, CONT'D**

### **10.3 FREEDOM FROM SLAVERY OR SERVITUDE (MODERN SLAVERY) (ILO CONVENTION 29 AND 105)**

Under no circumstance shall Suppliers allow any forced, involuntary, bonded labour from re-education camps, prison labour, or any other forms of slavery or servitude to be used in any stage of the manufacture of our garments.

Suppliers and factories shall not confiscate, withhold, otherwise destroy or conceal or deny access to workers' government-issued identification documents, passports, work permits, travel documents, or the like.

Workers shall be free to leave their worksite and accommodation as they please and do not require the permission of their employer to leave the country or place of work.

Workers are free to leave their employer after reasonable notice.

Workers must never have any restrictions such as holding money deposits and non-payment of wages or benefits.

### **10.4 FORCED, OR PRISON LABOUR (ILO CONVENTION 29 AND 105)**

Under no circumstance shall Suppliers allow any forced, involuntary, bonded labour from re-education camps, prison labour, or any other forms of slavery or servitude to be used in any stage of the manufacture of our garments.

Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

Suppliers and Factories shall not confiscate, withhold, otherwise destroy or conceal or deny access to workers' government-issued identification documents, passports, work permits, travel documents, or the like.

Workers shall be free to leave their worksite and accommodation as they please and do not require the permission of their employer to leave their country or place of work.

Workers are free to leave their employer after reasonable notice has been provided by the worker.

Workers must never have any restrictions such as holding money deposits and non-payment of wages or benefits.

### **10.5 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (ILO CONVENTION 87 AND 98)**

SHEIKE believes in and recognises, without distinction, freedom of expression and thought, freedom of association, union membership and collective bargaining when exercised according to local law. Where local laws restrict freedom of association, the appropriate channels to ensure reasonable, independent and alternative ways to exercise such rights must be designed and allowed. The employer is encouraged to adopt an open attitude towards trade unions and their organisational activities.

## **10.0 HUMAN RIGHTS, CONT'D**

### **10.6 HARASSMENT, ABUSE AND NON-DISCRIMINATION (ILO CONVENTION 111)**

Workers must not face threats of violence of any kind. Employers shall not use any form of physical, sexual or psychological violence, threats, intimidation, retaliation, harassment or abuse. Disciplinary policies and procedures to support these requirements shall be clearly defined and communicated to workers.

All work environments must be free of any form of discrimination and where all employees are treated equally. There is no discrimination in hiring, compensating, promoting, access to training, termination or retirement based on a worker's race, religion, sex, age, gender, marital status, sexual orientation, political affiliation, national origin, disability or union association.

Suppliers must ensure that there are gender-sensitive grievance mechanisms formalised and resolved in a fair and non-discriminatory way.

### **10.7 PREGNANCY AND MATERNITY (ILO CONVENTION 183)**

Suppliers and Factories must ensure that they and all employers with which they deal shall not use pregnancy tests or contraception as a condition of hiring or continued employment except as required by national law. In such cases, employers shall not use (the results of) such tests as a condition of hiring or continued employment.

Employers shall not threaten female workers with dismissal or any other employment decision that negatively affects their employment status to prevent them from getting married or becoming pregnant.

Suppliers and Factories must ensure that they and all employers with which they deal shall abide by all protective provisions in national laws and regulations benefitting pregnant workers and new mothers, including:

- a) provisions concerning maternity leave and other benefits;
- b) prohibitions regarding night work;
- c) temporary reassignments away from workstations;
- d) work environments that may pose a risk to the health of pregnant women and their unborn children or new mothers and their newborn children;
- e) temporary adjustment of working hours during and after pregnancy; and
- f) the provision of breastfeeding breaks and facilities.

## 10.0 HUMAN RIGHTS, CONT'D

### 10.8 MIGRANT WORKERS

Suppliers and Factories must ensure compliance with the following requirements regarding migrant workers.

Migrant workers must have a legal right to work in the destination country of manufacture, and accurate, authentic and updated records must be provided to the employer.

Suppliers and Factories must ensure that Migrant Workers have the same working rights and entitlements as local workers, and must adhere to local laws and this Policy.

Suppliers and Factories must ensure effective due diligence on all their sites in relation to the manufacturing of SHEIKE's products and maintain updated records of all migrant workers, as well as disclose all or any offences.

Recruitment fees must not be passed on to workers, where they have been recruited by an agency or broker.

All wages must be paid directly to workers and not through a third party.

All training – including safety training, contracts, payslips, and handbooks must be developed and conducted in a language that Migrant Workers understand. Equal access must be provided to all Migrant Workers.

## 10.0 HUMAN RIGHTS, CONT'D

### 10.9 HEALTH AND SAFETY AND ENVIRONMENT (ILO CONVENTION 155 AND 161)

All Suppliers must make proper provisions for the health and safety of workers, contractors, visitors and those in the community impacted by their operations, providing a safe and healthy workplace as per the minimum requirements of the local and regional laws, with specific regards to hazards and emerging health risks.

Suppliers should seek to remedy any Health and Safety issues identified in a reasonable time frame.

There should be an established, trained and clearly-appointed safety committee with worker participation and ongoing training to ensure that all policies and safety processes are relevant and up-to-date. Such training shall be repeated for new or reassigned workers. In addition, workers should be free to raise Health and Safety concerns and refuse any dangerous or unsafe work.

These requirements include but are not limited to the following:

- Where residential housing is provided for workers, facilities will provide clean, safe, and healthy housing and meet the worker's basic needs.
- Production and dormitory buildings will be of a safe and sound structure.
- To have systems to prevent, detect and respond to potential risks to the safety, health, and security of all employees, visitors and those in the community whose operations may impact.
- Workplaces will ensure minimum conditions of light, ventilation, hygiene, fire prevention, safety measures and access to a safe drinking water supply.
- Workers will have access to clean toilet facilities.
- Where protective equipment is required, the Supplier will provide the worker with the necessary training for usage.
- A fire alarm, fire extinguisher and necessary equipment are freely accessible.
- Production facilities must have clearly marked exits, and emergencies always exist with a clear evacuation path.
- First Aid equipment must be easily accessible, and at least one person in each division should be trained in First Aid.
- If an injury occurs at work, the employer shall fund all medical costs not covered by the insurance and will adequately document the incident.
- Workers shall receive regular and recorded health and safety training and shall repeat such training for new or reassigned workers.
- Access to clean toilet facilities, potable water, and, if appropriate, shall provide sanitary facilities for food storage.

## 10.0 HUMAN RIGHTS, CONT'D

### 10.10 HOURS OF WORK AND LEAVE (ILO CONVENTION 1, 30, 47, 116, 14, AND 106)

All Suppliers and Factories must ensure that the hours worked each day and days worked each week are within legally accepted maximums. All workers have the right to rest and leisure. Employers shall not set production targets, piece rates or any other incentive or production system at such a level that workers need to work beyond regular working hours, excluding overtime, to make at least the minimum wage or the prevailing industry wage, whichever is higher.

- Regular working hours should be clear in any working contracts or agreements and should not exceed 48 hours per week.
- Any overtime worked must be voluntary. There must not be any retaliation against workers who do not wish to work overtime.
- Voluntary hours worked over the legal regular working hours per week will be considered overtime, and workers are expected to receive premium compensation for those additional hours worked. At a minimum, this will be in accordance with local law requirements.
- Worked hours will not exceed 60 hours in any standard 7-day period.
- Regular, excessive overtime is prohibited.
- Workers must have at least one day off in every seven-day period, or in an exceptional circumstance, at least two days off after 12 consecutively worked days when allowed by law.
- Our Suppliers shall respect all workers' right to breaks during work shifts.

### 10.11 COMPENSATION AND BENEFITS

The Supplier and the Factory agree that all legally mandated compensation shall fairly compensate employers and contractors to all eligible workers within the legally defined periods. In addition, all compensation shall be calculated correctly and be inclusive of any mandated allowances, benefits, and social insurance. The Supplier and Factory agree to abide by the following requirements:

- All workers shall be provided with written and understandable information about their employment conditions regarding wages before they enter employment and the particulars of their wages for the pay period concerned each time they are paid.
- Time records maintained shall be authentic and accurate, including overtime, breaks, and leave.
- Payment must be properly documented, and their receipt and accuracy must be confirmed by the relevant worker in writing.
- Employers may not limit in any manner the freedom of workers to dispose of their wages.
- Wages must be paid on regular working days and in principle at/or near the workplace.
- Workers must be free from any coercion to make use of their entitlements.
- Deductions from wages as a disciplinary measure shall not be permitted, nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.
- Equal remuneration should be provided, regardless of gender (ILO Convention 100).

## 10.0 HUMAN RIGHTS, CONT'D

### 10.12 LIVING WAGES (ILO CONVENTION 95 AND 131)

While it is not currently part of this Policy, SHEIKE believes in a unified approach towards Living Wages. Therefore, SHEIKE will review the Policy in the future to include partnering with its Suppliers and factories towards targets, roadmap and commitment to paying living wages.

**A living wage is broadly defined as the following:**

The wage should enable the worker to provide for him/herself and his/her family not merely the bare essentials of food, clothing, and shelter but a measure of comfort, including education for children, protection against ill health, requirements of social needs and a measure of insurance against important misfortunes and a provision for old age. The required income should be obtainable within normal working hours.



11.0

# ENVIRONMENTAL RESPONSIBILITY

## **11.0 ENVIRONMENTAL RESPONSIBILITIES**

SHEIKE is dedicated to preserving the environment, and ecological considerations are integral to our commitment. Suppliers shall maintain written environmental policies and standards, comply with all applicable environmental laws in the countries in which they operate, the criteria set out in our ESP, and agree to be monitored separately for ecological responsibility.

Facilities shall continuously monitor and disclose to SHEIKE their energy and natural resource usage, emissions, discharge, carbon footprint, and waste disposal.

- No hazardous equipment or facilities are permitted.
- Facilities must comply with environmental rules, regulations, and standards applicable to their operations and Suppliers to observe environmentally conscious practices in all locations where they operate.
- Suppliers agree to continuously monitor and disclose to SHEIKE their handling of chemicals, natural resource usage, emissions, discharges, and carbon footprint and be willing to take a progressive approach to minimise adverse environmental impacts.

### **11.1 HANDLING OF CHEMICALS**

In accordance with local and international laws and/or commonly used standards, Suppliers must declare the use of harmful or hazardous materials.

Policies and procedures must be established to ensure that the handling of chemicals is done in a responsible manner and that all applicable laws and regulations are adhered to.

### **11.2 WATER MANAGEMENT AND WASTEWATER TREATMENT**

Suppliers must ensure they are compliant with all applicable local laws and regulations in regard to the use of water, including wastewater treatment.

Waste Management

- Any waste and hazardous waste must be disposed of in a responsible manner and in accordance with local and national law.



## **11.0 ENVIRONMENTAL RESPONSIBILITIES, CONT'D**

### **11.3 BANNED / RESTRICTED SUBSTANCES AND PROCESSES**

#### **11.3.1 BANNED SUBSTANCES**

Certain substances are hazardous and are not permitted for use by any Supplier, Factory, or other business in the SHEIKE supply chain, including AZO dyes, Asbestos, Formaldehyde, Lead and Nickel (Banned Substances). The Banned Substances as listed in this clause 11.3.1 may be amended or added to from time to time.

#### **11.3.2 SANDBLASTING**

Sandblasting is the act of roughening or cleaning a surface with a jet of sand, driven by compressed air or steam. SHEIKE strictly bans the use of sandblasting, as it is dangerous to health and puts workers at unnecessary risk. Alternatives such as PP spray (with the use of good ventilation and PPE equipment), hand sanding and or laser treatment achieve the same result and are approved for use by SHEIKE.

### **11.4 ANIMAL WELFARE**

SHEIKE is committed to protecting the welfare of animals within our operations. Suppliers must ensure that they conduct business in line with our Animal Welfare Policy, which outlines the minimum requirement we expect from Suppliers dealing with Animal-Derived Materials ADMs.

#### **11.4.1 ANGORA BAN**

SHEIKE insists on the boycott of the use of Angora. We require Suppliers/factories and their supply chains to ensure that they do not use Angora fibres in any way.

#### **11.4.2 SHEEP MULESING**

SHEIKE insists that any wool or wool product has been sourced from certified (NM/CM) status for every batch of wool used in the production of SHEIKE products.

#### **11.4.3 REAL FUR BAN**

SHEIKE bans the use of real fur. We require that no Supplier/factory uses any real fur in the production of SHEIKE products, including the production of trims and accessories (SHEIKE Production).

#### **11.4.4 REAL EXOTIC SKINS**

SHEIKE bans the use of exotic skins in SHEIKE Production, including but not limited to crocodile and snake skins.

## 11.0 ENVIRONMENTAL RESPONSIBILITIES, CONT'D

### 11.5 COTTON REGION-SPECIFIC BANS

SHEIKE is working to ensure that forced labour does not find its way into our products and supply chain. However, there are reports documenting the systemic use of forced labour in the following regions.

- Xinjiang Uyghur Autonomous Region - PRC (XUAR)
- Turkmenistan
- Uzbekistan

SHEIKE forbids using any raw materials, including but not limited to, cotton fibre and cotton products grown, sourced and/or manufactured from these locations. As we work towards future phases of this document, SHEIKE will map the entire supply chain (T1,2,3,4) and build transparency with all areas of the supply chain. This may also include testing to validate the origin of fibre/raw materials and/or products or components used to manufacture our products.

In addition to these bans, SHEIKE requests all Suppliers/factories comply with the “Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labour in the People’s Republic of China” on 17/6/2022. UFLPA.

### 11.6 GUIDANCE TO IMPORTERS (SHEIKE AND ITS CUSTOMERS)

The UFLPA establishes a rebuttable presumption that goods mined, produced, or manufactured wholly or in part in Xinjiang or by an entity on the UFLPA Entity List are prohibited from U.S. importation under 19 U.S.C. § 1307.

If an importer of record can demonstrate by clear and convincing evidence that:

- The goods in question were not produced wholly or partly by forced labour.
- Fully respond to all US Customs and Border Protection CBP requests for information about goods under CBP review.
- Demonstrate that it has fully complied with the guidance outlined in this strategy.

Then the Commissioner of CBP may grant an exception to the presumption.

Within 30 days of any determination to grant an exception, the Commissioner of CBP must submit a report to Congress and make it available to the public, outlining the evidence supporting the exception.

As mandated by the UFLPA, this report’s guidance includes information on three topics:

- Due diligence, effective supply-chain tracing, and supply-chain management measures to ensure that such importers do not import any goods produced wholly or in part with forced labour from the PRC, especially from Xinjiang;
- The type, nature, and extent of evidence demonstrate goods originating in the PRC were not produced wholly or in part in Xinjiang; and
- The type, nature, and extent of evidence demonstrate goods originating in the PRC, including goods detained, excluded or seized for violations of the UFLPA, were not produced wholly or in part with forced labour.

## 11.0 ENVIRONMENTAL RESPONSIBILITIES, CONT'D

### 11.7 SPECIFIC ENTITIES

Do not source goods, wholly or partially components, for SHEIKE products from the following entities:  
Full list of banned entities: <https://www.dhs.gov/ufipa-entity-list>.

This ban includes downstream products as follows:

- Cotton is grown in these regions.
- Cotton goods (wholly or partly) grown and or manufactured in these regions.
- Cotton goods (wholly or partly) if they contain cotton components (including but not limited to fabrics and textiles and sub-components such as yarn, apparel, accessories and any other raw materials used in the manufacture of SHEIKE products) from these regions.



SHEIKE