

## AFL SUPPLIER CODE OF CONDUCT

Australian Fashion Labels (“AFL”) is committed to conducting business in an honest, responsible and ethical manner and in compliance with all applicable laws, regulations and internationally recognised standards.

AFL requires its suppliers to comply with the principles contained in this Code of Conduct to ensure that AFL meets its commitments as set out above.

### *General compliance matters*

Suppliers must have in place appropriate policies and systems to ensure compliance with the principles contained in this Code of Conduct. In addition, AFL requires its suppliers to have in place fire and emergency evacuation procedures and safety management procedures (dealing with workplace safety, position safety assessments and safe work procedures, personal protection equipment, injury management and return to work policies) and as a minimum, comply with AFL’s Fire and Emergency Evacuation Policy and Workplace Safety Management Policy.

AFL expects suppliers to ensure that any of the supplier’s supply chain participants are required to adopt similar principles to those outlined in this Code of Conduct and must not outsource any aspect of the supply chain to facilities that do not also comply with the AFL Supplier Code of Conduct.

AFL may request to see such policies and any other evidence it deems necessary to demonstrate that the supplier is in compliance with this Code of Conduct. Suppliers must respond to such requests within 48 hours of receiving a request from AFL. AFL may also conduct an audit of a supplier’s compliance with this Code of Conduct at any time. This includes an audit of a supplier’s supply chain participants.

If a supplier becomes aware of a breach, or suspected breach, of this Code of Conduct, it must notify AFL immediately. If a supplier breaches this Code of Conduct, AFL may take any action it deems appropriate, including working with the supplier to correct the breach, cancelling orders with the supplier or terminating the supply contract.

Suppliers are obliged to register all production facilities with AFL. Suppliers must be fully aware of all sites and companies in their production network and perform due diligence on their supply chain. AFL may request complete and detailed information on the performed due diligence processes at any time.

### **1. Principle 1 - Environmental Practices**

AFL is committed to reducing the direct environmental impact of its business operations.

Suppliers must develop, implement and maintain policies to ensure they manage the environmental impact of their operations including at a minimum ensuring that the supplier:

- complies with all relevant local and national laws and regulations;
- prohibits the use of hazardous or harmful materials in its business operations;
- maximises the efficient use of natural resources, energy and water;
- minimises greenhouse gas pollution and waste;
- maximises the use of materials in its business operations that are recycled or recyclable; and
- complies with any policies notified to the supplier by AFL in relation to labelling and packaging of products supplied to AFL.

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### 2. Principle 2 - Ethics

AFL is committed to applying high standards of ethical conduct in every aspect of its business operations. Suppliers must comply with the following standards as part of their business operations:

- Suppliers must not engage in corruption, bribery, extortion, embezzlement, or any other type of fraudulent or unethical behaviour. Suppliers must abide by all applicable anti-corruption laws.
- Any conflict of interest that the supplier becomes aware of between the supplier and AFL, must be notified to AFL immediately.
- Suppliers must accurately record information in relation to its business activities, labour, structure, health and safety and environmental practices. This information must be disclosed to AFL upon request.
- Suppliers must respect intellectual property rights.
- Suppliers must comply with any applicable privacy legislation in relation to the personal information it collects and holds.

### 3. Principle 3 - Labour Policies and Human Rights

AFL is committed to ensuring that workers have a fair and ethical workplace and are treated with dignity and respect.

Suppliers must, in relation to all workers, comply with the internationally recognised standards contained in the ETI Base Code which are founded on the conventions of the International Labour Organisation, as set out in the Schedule to this Code of Conduct ("**ETI Standards**").

In addition to the ETI Standards, suppliers must:

- comply with all relevant local and national laws and regulations, including, but not limited to, applicable immigration and labour laws relating to foreign and migrant workers;
- take reasonable steps to eliminate exploitation of workers, deceptive practices, child labour or forced labour in its business operations and in the business operations of its supply chain participants;
- ensure that any buildings or facilities provided for workers are safe and that dormitories, when provided for workers, are not connected to the production building; and
- ensure that they do not use sandblasting in the production of AFL products.

AFL may request a supplier to provide AFL with details (such as name and position description) of any workers employed by the supplier, including subcontractors.

### 4. Principle 4 – Welfare of animals

AFL is committed to ensuring that animals are treated in a humane manner to the degree that they are involved in AFL's business operations.

Suppliers must treat any animal they are in contact with as part of their business operations in a humane manner and in accordance with all applicable local and national laws. More specifically, we require that:

- Animals are slaughtered humanely to ensure minimum distress;
- Animal products are by-products of other industries;

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- Animal skins are not obtained by live skinning or plucking or to be a product of unnatural abortions;
- Fur products are not used;
- Rabbit hair, including angora rabbit hair, are not used;
- Skincare and other cosmetic products are not tested on animals; and
- Endangered species, which appear on the Convention on International Trade in Endangered Species (CITES) or the IUCN Red List of Threatened Species, are not used

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### SCHEDULE

#### The ETI Base Code

**1. Employment is freely chosen**

- 1.1 There is no forced, bonded or involuntary prison labour.
- 1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

**2. Freedom of association and the right to collective bargaining are respected**

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

**3. Working conditions are safe and hygienic**

- 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

**4. Child labour shall not be used**

- 4.1 There shall be no new recruitment of child labour.
- 4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.
- 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- 4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

**5. Living wages are paid**

- 5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 5.3

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### The ETI Base Code (Continued)

5.4 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.

#### 6. Working hours are not excessive

- 6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.
- 6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.
- 6.3 All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.
- 6.4 The total hours worked in any seven day period shall not exceed 60 hours, except where covered by clause 6.5 below.
- 6.5 Working hours may exceed 60 hours in any seven day period only in exceptional circumstances where all of the following are met:
- this is allowed by national law;
  - this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
  - appropriate safeguards are taken to protect the workers' health and safety; and
  - the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.
- 6.6 Workers shall be provided with at least one day off in every seven day period or, where allowed by national law, two days off in every 14 day period.

#### 7. No discrimination is practised

7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

#### 8. Regular employment is provided

- 8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- 8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or 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 contracts of employment.

#### 9. No harsh or inhumane treatment is allowed

9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

#### 10 Interpretation

10.1 In this Code the following definitions apply:

- 10.1.1 "Child" means any person less than fifteen (15) years of age, unless a local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age will apply.
- 10.1.2 "Child labour" means any work by a child or young person which does not comply with the provisions of the relevant ILO standards, and any work that is likely to be hazardous or to

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interfere with the child's or young person's education, or to be harmful to the child's or young person's health or physical, mental, spiritual, moral or social development.

- 10.1.3 **"Young person"** means any person over the age of a child, but under the age of eighteen (18) years.

On behalf of the Supplier, and as an Authorised Representative, I agree that the Supplier will comply with the AFL Supplier Code of Conduct and not outsource to facilities that the Supplier does not know are also compliant with the AFL Supplier Code of Conduct, and will work with AFL over a reasonable period of time to ensure our supply chain meets obligations under this Code of Conduct. Furthermore, I agree that this Code of Conduct will form part of the Terms and Conditions previously agreed to between AFL and the Supplier.