

ETHICAL SOURCING POLICY

The Fashion Biz Ethical Sourcing Policy applies to all facilities that produce goods or provide services for the Fashion Biz Group of Companies or any of its subsidiaries, business units, or agents.

Fashion Biz is committed to sourcing products and services in an ethical and responsible manner, considering the welfare and health and safety of workers and potential environmental impacts. The Fashion Biz Ethical Sourcing Policy is based primarily on the Ethical Trade Initiative (ETI), Base Code which focuses on conducting business ethically, manufacturing responsibly and demonstrating environmental consciousness. Our Policy details the minimum requirements that suppliers must meet in order to conduct business with the Fashion Biz Group of Companies, and we encourage suppliers to adopt procedures and practices that go beyond these requirements. This Policy must be read in conjunction with our Modern Slavery Policy which outlines our commitment to managing modern slavery risk and provides a clear definition of the term 'modern slavery'.

1. POLICY REQUIREMENTS

- All suppliers are required to agree to the requirements of this Policy and as set out in their Trading Agreement with Fashion Biz.
- All suppliers agree to provide Fashion Biz and its local Quality Control teams with access to all facilities, information, and documentation to enable verification of compliance with this Policy.
- Where instances of non-compliance are observed, Fashion Biz reserves the right to develop and require implementation of corrective action plans, or terminate the Trading Agreement, and all current purchase orders.
- Fashion Biz may, at its discretion, require an independent audit of a supplier's compliance with this Policy. Audits must be carried out at the supplier's cost by Fashion Biz's recommended providers – SGS, Intertek, Bureau Veritas, Fair Working Conditions (FWC) or other audit bodies approved by Fashion Biz from time to time.
- Fashion Biz will request and recognise the following current Ethical Sourcing (ES) audits in lieu of an independent audit of a supplier's compliance to this Policy:
 - o Business Social Compliance Initiative (BSCI);
 - o Worldwide Responsible Accredited Production (WRAP);
 - o Supplier Ethical Data Exchange (Sedex), ETI/SMETA;
 - o SA8000.

Note: audits must have been undertaken by a qualified auditor within the previous 12 months.

2. LEGAL REQUIREMENTS

- Suppliers must fully comply with the legal requirements of the countries in which they operate in addition to all elements of this Ethical Sourcing Policy (including all local laws and regulations regarding labour, health, safety, immigration, the environment and animal welfare.)
- Where a supplier breaches this Policy (or, is otherwise found to have critical breach(es) in its supply chain), including but not limited to:
 - o Child Labour;
 - o Forced or Bonded Labour;
 - o Compulsory Prison Labour;
 - o Bribery;
 - o Active, systemic discrimination, harassment or inhumane treatment;
 - o Unauthorised subcontracting;
 - o Knowingly breaching applicable legislation; or
 - o High risk health and safety hazards such as locked exits or structural damage.
- The supplier must enter into a corrective action plan with Fashion Biz and take all necessary steps within the timeframe stipulated by Fashion Biz to rectify the non-compliance. Fashion Biz may verify that remedial action taken by the supplier is appropriate to rectify non-compliance with this Policy and reserves the right, at its absolute discretion, to terminate its supply arrangements with the supplier and all current purchase orders.

3. MODERN SLAVERY¹

- Suppliers must comply with all applicable anti-slavery and modern slavery laws and must not engage in modern slavery practices, including using forced, bonded, involuntary labour or people subject to human trafficking.
- Suppliers must comply with all modern slavery reporting requirements stipulated in applicable modern slavery laws. Suppliers must confirm in writing that they have complied with all relevant reporting requirements and provide any other information or evidence of such reporting to Fashion Biz on request.
- Suppliers must not have been convicted of practices that amount to modern slavery or be publicly named by any organisation alleging the Supplier has engaged in modern slavery practices.
- Suppliers must ensure that employment is freely chosen, that workers can leave their employment after reasonable notice, that freedom of movement is respected and that workers are not required to lodge deposits or identity papers with the Supplier.
- Suppliers must not source any materials (including raw materials) originating from conflict countries. Fashion Biz Suppliers must attest to the fact that they and their sub suppliers do not (knowingly) source cotton fibre produced in Uzbekistan or China's Xinjiang Uyghur Autonomous Region
- In connection with the relevant supply arrangements with Fashion Biz, suppliers must ensure (so far as is reasonably practicable) that its officers, workers, employees, agents, sub-contractors, and any other persons who perform services for or on behalf of it comply with this Policy.

¹ Refer to the definition of modern slavery provided in the Fashion Biz Modern Slavery Policy

- Suppliers must immediately notify the Fashion Biz Ethical Sourcing Manager (ethicalsourcing@fashbiz.com.au) upon becoming aware of any incident, complaint or allegation that the Supplier or any entity in its supply chain has engaged in modern slavery practices or other illegal or unethical activities.
- Suppliers must have effective mechanisms in place to ensure grievances can be raised safely and confidentially by their workers and external stakeholders.

4. CHILD LABOUR SHALL NOT BE USED

- Suppliers must not use child labour. Child labour is defined as work that deprives children of their childhood, the opportunity to attend school and fulfil their potential and that is harmful to their physical, moral and mental development.
- Suppliers must be able to verify the age of all employees to ensure no child labour is used. All suppliers shall comply with the minimum legal working age in the country in question or by the ETI clause 4, whichever is higher.
- Suppliers must 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 and must implement effective systems to prevent the use of child labour in the future.

5. EMPLOYMENT IS FREELY CHOSEN AND FORCED LABOUR SHALL NOT BE USED

- Suppliers must not engage in forced, bonded or involuntary labour, or use compulsory prison labour.
- Suppliers will ensure that employment is freely chosen, and workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

6. NO HARSH NOR INHUMANE TREATMENT IS ALLOWED

- Workers are treated with dignity and respect. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation are prohibited.

7. DISCRIMINATION

- 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. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

- Suppliers acknowledge that workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- Suppliers are required to adopt an open attitude towards the activities of trade unions and their organisational activities.
- Worker representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 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.

9. WORKING CONDITIONS ARE SAFE AND HYGIENIC

- Suppliers must ensure that a safe and hygienic working environment is 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.
- Personal Protective Equipment (PPE) must be supplied and worn by workers where required. Workers must be trained in the use of PPE. Safeguards on machinery must meet or exceed local laws.
- Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers. Employees must be able to come and go as desired from accommodation. If the cost of accommodation is deducted from wages, it must be of a reasonable rate in line with local standards.
- The Supplier shall assign responsibility for health and safety to a senior management representative.

10. CONTRACT LABOUR REQUIREMENTS (IF ANY) ARE ON EQUAL BASIS

- Suppliers that recruit or employ foreign contract workers shall ensure that these workers are treated fairly and on equal basis with its local workers and under the relevant labour laws.

11. WAGES AND BENEFITS

- Suppliers must ensure that wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher.
- All workers shall be provided with written and understandable information in their native language about their employment conditions before they enter employment. This includes the particulars of their wages, pay periods, leave entitlements and any other benefits or legal deductions approved by the worker prior to their employment. Deductions from wages as a disciplinary measure is not permitted.
- Overtime will be remunerated at a premium rate where legally required or, at a minimum, the employee's regular hourly compensation.

12. WORKING HOURS ARE NOT EXCESSIVE (BASED ON ETI)

- Including any overtime, workers must not work above the maximum hours per week or per month as stipulated by local laws, or where local laws do not exist, a total of 60 hours in any 7-day period, as per ETI clause 6.5.
- Workers must have at least one day off in 7 days or two days off in every 14 days.
- Overtime must be voluntary, not be excessive or demanded on a regular basis and must be compensated as prescribed by local laws.

13. REGULAR EMPLOYMENT IS PROVIDED

- To every extent possible work performed must be based on 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 the use of labour-only contracting, subcontracting, 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.

14. ENVIRONMENT

- Suppliers must comply with local and national environmental laws and regulations, ensuring no impact on the health of the local environment or the community.
- Suppliers must use reasonable endeavours to comply with international standards on environmental protection and have programs in place for continual improvement.
- Suppliers must ensure safe disposal of waste, maximise recycling and ensure the safe use of and disposal of chemicals and hazardous materials.
- No traces of the following chemicals can be used in manufacturing of Fashion Biz products. If chemicals are regulated in the country of destination, levels should be at permissible limits as stated in the laws of the country of destination:
 - o Alkylphenols
 - o Phthalates
 - o Brominated and Chlorinated Flame Retardants
 - o AZO dyes / Formaldehyde
 - o Organotin Compounds
 - o Perfluorinated Chemicals
 - o Chlorobenzenes
 - o Chlorinated Solvents
 - o Chlorophenols
 - o Short Chain Chlorinated Paraffins
 - o Heavy Metals: Cadmium, lead, mercury and chromium

15. SUB-CONTRACTING AND SUPPLY CHAIN

- There must be no sub-contracting unless previously approved by Fashion Biz. Such arrangements must be documented and available for review by Fashion Biz or an independent auditor approved by Fashion Biz, including but not limited to records of subcontractor's names and locations. Fashion Biz considers sub-contracting to mean:
 - o Sites contracted by Fashion Biz's direct suppliers to produce products in partial or in its final form;
 - o Sites that significantly contribute to the final form of the product;
 - o Sites that apply branding to product;
 - o Service providers contracted by Fashion Biz's direct service provider to deliver any service in substitution of direct provider.
- Suppliers must have adequate policies and procedures in place for properly managing subcontracting to ensure that sub-contractors operate in accordance with applicable laws, regulations, and the Fashion Biz Ethical Sourcing Policy.

16. BUSINESS INTEGRITY

- Suppliers must engage professional business ethics in all dealings.
- Bribes, favours, benefits or other similar unlawful or improper payments, in cash or in kind, are strictly prohibited, whether given to obtain business or otherwise.
- Suppliers must notify the Fashion Biz via email immediately should any form of conflict of interest becomes apparent.

17. MANAGEMENT SYSTEMS, DOCUMENTATION AND POLICIES

- Appropriate documentation and evidence are in place to ensure effective ethical management practices.
- Appropriate policies are developed to ensure effective management of ethical issues.
- Without prejudice, where non-compliances to this policy are identified, these must be remedied within appropriate timeframes, and verified by Fashion Biz to ensure appropriate actions have been taken.



Harmesh Khatri (Fashion Biz Director)