



SUPPLIER CODE OF CONDUCT

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Esprit Europe Services GmbH

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PREAMBLE

ESPRIT's fundamental principle when conducting its business is to operate in accordance with the highest ethical, social and ecological business standards. As a globally represented company, ESPRIT strives to assure that Esprit products are made under conditions that treat workers fairly and with respect, and that take into account environmental laws, international trade regulations (including but not limited to anti-corruption regulations) and labor law safety provisions.

It is ESPRIT's uncompromising expectation, that each individual party involved in the supply chain (hereinafter referred to as "SUPPLIER") respect these key elements of ESPRIT's values and principles and abide by the rules of the ESPRIT Supplier Code of Conduct.

As further laid down in detail, ESPRIT may assess the compliance with this Code of Conduct by informal visits on our own or by third parties with or without notice or in order to conduct formal and informal audits of SUPPLIER's working conditions including but not limited to work hours, payroll, wages, safety conditions and trainings.

1 ETHICS

1.1 Business Integrity / Anti-Corruption

ESPRIT strictly prohibits any form of corruption, extortion and/or embezzlement. National and/or international anti-corruption provisions must not be violated. This does apply including but not limited to the U.S. Foreign Corrupt Practices Act (FCPA), any international anti-bribery conventions and local anti-bribery provisions. SUPPLIER shall under no circumstances offer, accept or tolerate bribes (such as money, gifts or similar benefits) in order to obtain an improper business advantage. SUPPLIER expressly understands that ESPRIT and its staff is for legal reasons not allowed to take or accept any bribes as described above from SUPPLIER. Therefore, SUPPLIER will refrain from offering any benefits and will not interpret ESPRIT's refusal of acceptance as an affront.

1.2 Fair Competition / Anti-Trust

SUPPLIER shall conduct its business in line with international standards and regulations for fair competition and applicable anti-trust laws.

1.3 Intellectual Property and confidential business information

Intellectual rights including confidential information are to be respected and protected in accordance with contractual obligations and prevailing industry standards.

1.4 Anonymous Complaints

SUPPLIER shall enable employees to make confidential complaints with respect to unlawful activities, non-compliance with this Code of Conduct and/or other concerns related to their workplace. SUPPLIER shall evaluate such complaints in a confidential way and take corrective action, if necessary.

2 LEGAL COMPLIANCE

2.1 Compliance with statutory national and international laws

SUPPLIER shall comply with all applicable national and international laws and regulations, industry minimum standards, ILO and UN Conventions, OECD Conventions and any other relevant statutory requirements, whichever requirements are more stringent, even if they are not expressly referred to in this Code of Conduct.



2.2 Compliance with national and international trade and customs laws

SUPPLIER shall comply with all applicable local and international trade control and customs laws under which SUPPLIER is doing business. ESPRIT does not condone or permit any activities that are in violation of the Customs Laws, International Treaties or Foreign Laws, including, but not limited to, false declarations, counterfeit visas or illegal transshipment to evade trade restrictions and import quotas.

2.3 Compliance with REACH Requirements /Other quality and safety requirements

SUPPLIER furthermore explicitly undertakes to comply with the requirements under the laws and regulations of EU legislation on registration, evaluation, authorization and restriction of chemicals ("REACH"). SUPPLIER explicitly warrants that ESPRIT shall not have to pay any fee, cost, fine or any other expense (including damage for negative reputation) on payment in connection with the registration and notification of chemicals either contained or delivered in connection with the delivered products. SUPPLIER warrants that he will take all necessary steps for the registration and/or notification of chemicals in connection with the delivered products under the REACH legislation in the EU. The same does apply for other local or international laws, regulations or standards (even if they are only recommendations and no mandatory requirements) setting, improving, securing and upholding quality and safety standards.

3 CHILD LABOR

Reference is made to ILO Conventions C138 (ILO Minimum Age Convention), C182 (Worst Forms of Child Labor Convention).

3.1 Prohibition of Child Labor

Child Labor is strictly prohibited. SUPPLIER shall not employ children and shall establish robust age verification mechanisms as part of the recruitment process, which may not be in any way disrespectful or degrading to employees.

3.2 Minimum Age for Employment

The minimum age for employment or work shall be 16. If, however, the local age for completing compulsory education is lower or the local minimum age law is set at 14 or 15 years of age in accordance with developing country exceptions under ILO Age Convention 138, this lower age may apply.

3.3 Consequences of Child Labor

SUPPLIER shall not recruit child labor nor exploit children in any way. If children are found to be working directly or indirectly for the SUPPLIER, the latter shall seek a sensitive and satisfactory solution to terminate such child labor and support children to attend and remain in school until no longer a child, all in the best interests of the child.

3.4 Legitimate Workplace Apprenticeship

Notwithstanding the foregoing, this Code of Conduct does not prohibit legitimate workplace apprenticeship programs that are consistent with Article 6 and/or Article 7 of ILO Minimum Age Convention 138.

3.5 Working Conditions for employees under 18 years

SUPPLIERS shall not employ young workers less than 18 years of age at night, or in conditions which compromise their health, their safety or their moral integrity, and/or which harm their physical, mental, spiritual, moral or social development.



4 FORCED, BONDED, INDENTURED AND PRISON LABOR

Reference is made to ILO Convention C29 (Forced Labor Convention) and C105 (Abolition of Forced Labor Convention).

4.1 Voluntary Work

There shall be no use of forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor. All work shall be conducted on a voluntary basis, and not under threat of any penalty or sanctions.

4.2 Prohibition of Forced and Compulsory Labor

The use of forced or compulsory labor in all its forms, including but not limited to prison labor, slavery and human trafficking is prohibited. ESPRIT expects SUPPLIER to certify that all materials and products incorporated into the final garments as well as all manufacturing performance/services being provided by SUPPLIER in order to produce the garments comply with the international laws or local laws regarding the prohibition of slavery and human trafficking, whichever is stricter.

4.1 Freedom of movement

The freedom of movement of workers who live in SUPPLIER owned or –controlled residences shall not be unreasonably restricted. SUPPLIER shall not utilize practices that restrict workers' freedom of movement, such as setting production targets or piece rates at such a level that workers need to work beyond regular working hours (excluding overtime) in order to make the legal minimum wage or the prevailing industry wage.

4.2 Prohibition of Deposits/Guarantees and Retention of Documents

SUPPLIER shall not utilize practices that restrict workers' freedom of movement or ability to terminate his or her employment, such as requiring deposits, imposing financial penalties/ guarantees, requiring recruitment fees and shall not retain identity documents (such as passports, identity cards, etc.) nor withhold wages outside a legal contractual agreement. Workers shall retain possession or control of their passports, identity papers, travel documents, and other personal legal documents. SUPPLIER shall provide at employee request secure storage for their documents such as passports, identity papers, travel documents, and other personal legal documents. Such storage shall be freely accessible to workers. SUPPLIER shall not withhold any such documents or restrict workers' access to them for any reason whatsoever, including in order to ensure that workers shall remain in employment in the workplace.

4.3 Prohibition of Bonded Labor

Bonded labor is prohibited. SUPPLIER shall not use any form of bonded labor nor permit or encourage workers to incur debt through recruitment fees, fines, or other means. SUPPLIER shall ensure that labor brokers providing workers to SUPPLIER do not collect fees of any kind from the employees, but rather that all fees related to hiring are borne by the employer.

4.4 Prohibition of Indentured Labor

SUPPLIER shall not utilize practices that restrict workers' freedom of movement or ability to terminate his or her employment, such as denying and hampering access to, and renewal of, identity papers and/or work permits or any other personal legal documents. SUPPLIER shall respect the right of workers to terminate their employment after reasonable notice. SUPPLIER shall respect the right of workers to leave the workplace after their shift. The imposition of overtime where workers are unable to leave the work premises constitutes forced labor.



4.5 SUPPLIER residences

SUPPLIER shall not require workers to live in SUPPLIER-owned or controlled residences as a condition of recruitment, continued employment, or to receive the same terms of employment and working conditions as other workers in the same position. SUPPLIER shall not subject workers to any undue influence to persuade workers to live in such residences.

5 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Reference is made to ILO Convention C87 (Freedom of Association and Protection of the Right to Organize Convention) and C98 (Right to Organize and Collective Bargaining Convention)

5.1 Right to associate and to collective bargaining

Workers have the right to join or form trade or labor unions, to associate and/or engage in collective bargaining to seek representation and to join workers councils - all without prior authorization from SUPPLIER' management. SUPPLIER shall not interfere with, obstruct or prevent such legitimate activities.

5.2 Prohibition of hindrance of alternative forms of independent workers representation

Where the right to freedom of association and collective bargaining is restricted or prohibited under law, SUPPLIER shall not hinder alternative forms of independent and free workers representation and negotiation, in accordance with International Labor Standards.

5.3 Prohibition of discrimination against of workers representatives

SUPPLIER shall not discriminate against or otherwise penalise worker representatives or trade union members because of their membership in or affiliation with a trade union, or their legitimate trade union activity, in accordance with International Labor Standards.

5.4 Access to representative functions

Suppliers shall give worker representatives access to the workplace in order to carry out their representative functions, in accordance with International Labor Standards.

6 DISCRIMINATION, HARASSMENT AND ABUSE

Reference is made to ILO Convention C100 (Equal Remuneration Convention) and C111 (Discrimination (Employment and Occupation) Convention)

6.1 Equal treatment of all employees

Equal treatment of all employees and workers as well as equal opportunities including but not limited to terms of recruitment, compensation, access to training, promotion, rewards, termination or retirement is essential.

6.2 Prohibition of discrimination for whatever reason

SUPPLIER shall not engage in, support or tolerate discrimination in employment including hiring, access to training, working conditions, job assignments, pay, benefits, promotions, discipline, termination or retirement on the basis of race, colour, gender, age, religion, marital status, caste, social background, disability, pregnancy, ethnic or national origin, nationality, membership in worker organizations including unions, political affiliation, sexual orientation, or any other personal characteristics.

6.3 Prohibition of medical/pregnancy tests unless intended to protect the employee

SUPPLIER shall treat all workers with respect and dignity. SUPPLIER shall not require a pregnancy test or discriminate against pregnant employees, unless the measures undertaken are provided by law and are



intended to secure the employee's health and safety. Medical tests for workers or potential workers may not be allowed unless required by applicable law or prudent for workplace safety.

6.4 Base of employment

SUPPLIER shall base all terms and conditions of employment on an individual's ability to do the job, and not on the basis of personal characteristics or beliefs such as described under 6.2.

6.5 Prohibition of bullying, harassment or abuse

SUPPLIER shall not engage in or tolerate bullying, harassment or abuse of any kind. SUPPLIER shall ensure that workers are not subjected to inhumane or degrading treatment, corporal punishment, mental or physical coercion and/or verbal abuse.

6.6 Written, clear and understandable disciplinary procedures

SUPPLIER shall establish written disciplinary procedures and shall explain them in clear and understandable terms to their workers. All disciplinary actions shall be recorded.

7 WAGES, BENEFITS AND TERMS OF EMPLOYMENT

7.1 Compliance with Statutory Labor Laws

All work shall be performed on the basis of a recognised and documented employment relationship established in compliance with national legislation, custom or practice, and international standards, whichever provides greater protection.

7.2 Payment Conditions

Wages shall be calculated at a minimum according to applicable law. Wages shall be paid promptly, in full, in legal tender and on schedule according to local regulations.

7.3 Prohibition to circumvent statutory labor and social security provisions

SUPPLIER must not use labor-only contracting, sub-contracting, temporary employment relationships, home-arrangements apprenticeship schemes or similar arrangements, if such measures are only taken in order to avoid a regular employment which would obligate SUPPLIER to comply with the applicable labor or social security laws.

7.4 Overtime payment, benefits and paid leave

SUPPLIER shall compensate its workers by providing wages, overtime payments at a premium rate, benefits and paid leave which respectively meet or exceed legal minimum and/or industry benchmark standards and/or collective agreements, whichever is higher.

7.5 Discretionary income

Wages and compensation for regular work hours shall meet basic needs, including food, clothing, housing, education and healthcare, plus a reasonable amount of discretionary income for unexpected costs and savings.

7.6 Written and understandable information about all employment conditions

Prior to commencement of employment, SUPPLIER shall provide all workers with a written employment contract that includes conditions of employment and wages. SUPPLIER shall also provide a detailed payslip for each pay period that includes sufficient information for each worker to fully understand how his/her wages are calculated.



7.7 Prohibition of illegal deductions from salary

SUPPLIER shall not make any deductions from wages which are unauthorised or not provided for by national law. SUPPLIER shall not make any deduction from wages as a disciplinary measure (this does not exclude the entitlement of damages on a contractual or legal basis).

7.8 Qualification and training opportunities

It is recommendable that SUPPLIER offers their employees, and young employees in particular, qualification opportunities and advanced training on a regular basis.

7.9 Prohibition of Precarious Employment

SUPPLIER shall ensure that their employment relationship do not cause insecurity, or social or economic vulnerability of their workers.

8 WORKING HOURS

8.1 Working Hours

SUPPLIER shall set working hours that comply with national laws or benchmark industry standards or relevant International standards, whichever affords greater protection to ensure the health, safety and welfare of workers.

8.2 Maximum Working Hours per week

SUPPLIER shall respect that the standard allowable working hours in a week are 48 or less where local law provides, excluding overtime. Workers shall not on a regular basis be required to work in excess of 48 hours per week.

8.3 Overtime on voluntary basis and not regular basis

Overtime shall be voluntary, and shall not be requested on a regular basis.

8.4 Breaks, Free Days and Holidays

SUPPLIER shall respect all workers' right to breaks during work shifts and to at least one free day following six consecutive days worked, as well as public and annual holidays.

9 OCCUPATIONAL HEALTH AND SAFETY

9.1 Safe and clean working conditions and facilities

SUPPLIER shall provide safe and clean conditions in all work and residential facilities and shall establish and follow a clear set of procedures regulating occupational health and safety. Vulnerable individuals, including but not limited to young workers, pregnant women and new mothers, and persons with disabilities, shall receive particular consideration. SUPPLIER shall provide all workers with access to clean toilet facilities, split to gender, with adequate supplies including soap and water for washing and to drinkable water and, if applicable, sanitary facilities for food preparation and storage.

9.2 No sandblasting

ESPRIT has for some years implemented a global ban on sandblasting in all of our product lines. The ban includes, but is not limited to, the use of aluminum oxide, aluminum silicate, silicon carbide, copper slag and garnet for abrasive blasting. Even if ESPRIT will not place any order for sandblasted products, ESPRIT will not tolerate SUPPLIER being in possession of aforesaid sandblasting facilities. Therefore, SUPPLIER is required to completely eliminate such finishing processes from its operation.

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9.3 Safety Committees

Active cooperation between management and workers is essential to assuring a safe and healthy work environment. Each SUPPLIER has to establish a health and safety committee comprised of equal numbers of management staff and line workers. The health and safety committee shall be committed to assuring a safe workplace, and shall meet regularly, keeping complete minutes of each meeting.

9.4 Emergency Plans

SUPPLIER shall be prepared with respect to emergency situations and he shall provide and implement emergency plans and response procedures including but not limited to emergency reporting, employee notification and evacuation procedures, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

9.5 Prevention of accidents, injuries and hazards

SUPPLIER shall take adequate steps 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.

9.6 Medical Assistance and Reporting Systems

SUPPLIER shall provide access to adequate medical assistance and facilities and put systems into place that prevent and track occupational injury and illness. Such systems shall encourage worker reporting, classify and record injury and illness cases, investigate the causes for cases, implement corrective actions to eliminate them and facilitate affected employees' return to work.

9.7 Assignment of Responsibility for Health and Safety

SUPPLIER shall assign the responsibility for health and safety to a senior management representative.

9.8 Regular Health and Safety Trainings

SUPPLIER shall provide regular and recorded health and safety training including but not limited to handling and disposal of chemicals and other dangerous materials to workers and management, and such training shall be repeated for all new or reassigned workers and management.

9.9 Safety of Buildings, Equipment and Facilities

SUPPLIER shall ensure the strength, stability and safety of buildings and equipment, including residential facilities where provided.

9.10 Conditions of Residential Facilities for Workers

SUPPLIER shall ensure that residential facilities for workers, where provided, are clean and safe, and that they meet all of the same standards required above. Dormitories shall be in a separate building from production or warehousing areas, and shall have a separate entrance. Employees should have free access to dormitories.

10 ANIMAL TREATMENT, USE OF CHEMICAL SUBSTANCES AND ENVIRONMENT

10.1 No animal cruelty

Animals shall be treated with dignity. Cruel treatment of animals is strictly prohibited. This applies to all unkind methods including but not limited to live-plucking of downs and mulesing. The use, possession, sale and/or processing of products being a result of animal cruelties is not tolerated.



10.2 Use of Chemicals / Formulation / Substances

All SUPPLIER must ensure that no chemical or formulation listed on the ESPRIT / ZDHC MRSL (Manufacturing Restricted Substances List) or any other substance which is subject to an effective ban or expressly prohibited by ESPRIT is used during or in connection with the manufacturing process.

10.3 Waste Management, Disposal of Chemicals

Suppliers shall assure that procedures and standards for waste management, handling and disposal of chemicals and other dangerous materials, emissions and effluent treatment meet or exceed minimum legal requirements.

10.4 Environmental Permits and Registrations, Reporting Requirements

SUPPLIER shall obtain, maintain and keep current all relevant environmental permits and registrations required under local regulation and follow their operational and reporting requirements.

10.5 Reduction of waste, air emissions, recycling and substitution materials

SUPPLIER shall endeavour to reduce or eliminate solid waste, wastewater and air emissions, including energy-related indirect air-emissions, by implementing appropriate conservation measures in their production, maintenance and facilities processes, and by recycling, reusing or substituting materials.

10.6 Identification and Management of Hazardous Substances

SUPPLIER shall identify and manage hazardous substances in order to ensure a safe handling, moving, storing, recycling or disposal.

10.7 Control and Treatment of Wastewater, Prevention of Contamination

SUPPLIER shall monitor, control and treat wastewater generated from operations before discharge as required by applicable local law. SUPPLIER shall take appropriate precautions to prevent contamination of storm water runoff from its facilities.

10.8 Identification and Treatment of Air Emissions

SUPPLIER shall identify and monitor, control and treat air emissions including but not limited to volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations as legally required prior to discharged.

11 MANAGEMENT SYSTEMS

SUPPLIER shall define and implement management systems to assure that compliance with this Code of Conduct and applicable laws and regulations can be achieved and maintained over time.

Management systems shall contain the following elements:

11.1 Legal and compliance aspects

SUPPLIER is responsible for the correct implementation of this Code of Conduct and for continuous improvement, including corrective measures where needed. ESPRIT will conduct periodic reviews to assess compliance. SUPPLIER is expected to set up systems being able to identify, monitor, understand and implement applicable laws, regulations and customer requirements.

11.2 Company Commitment and Communication

SUPPLIER shall issue a statement with respect to SUPPLIER's social and environmental responsibility and communicate such statement including the requirements of this Code of Conduct to all workers and

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employees in the primary local language and/or the language(s) spoken by significant numbers of workers and shall address employees' concerns about non-compliance.

11.3 Risk Assessment and Risk Management

SUPPLIER shall develop and install processes to identify, determine and manage risks in all areas of environmental, health and labor topics including ethical risks in connection with SUPPLIERS operations.

11.4 Management Accountability and Responsibility

SUPPLIER shall appoint a senior management member responsible for assuring compliance with this Code of Conduct in order to confirm the SUPPLIERS commitment with the rules.

11.5 Trainings

SUPPLIER shall establish appropriate training measures for managers and workers to facilitate implementing this Code of Conduct by allowing all employees an appropriate level of knowledge with respect of its terms and conditions.

11.6 Documentation

SUPPLIER is expected to install a documentation system in which all documents showing the compliance with the values and principles of this Code of Conduct are laid down, taking confidentiality aspects into account to protect the privacy of each individual.

12 SELF-ASSESSMENTS, AUDITS, PLANT VISITS AND NON-COMPLIANCE

12.1 Onboarding of POF / Announcement of Sub-Contractor and Material Supplier

Prior to undertaking any work for ESPRIT, all POF have to be approved by ESPRIT in writing and Sub-Contractors as well as Material Supplier as defined in the GCPD must be disclosed to ESPRIT in advance. ESPRIT may in its sole discretion decide to refuse the appointment of individual POF, Sub-Contractor or Material Supplier.

12.2 Self-Assessment / Audits / Plant Visits

a) Self-Assessments

SUPPLIER shall establish periodic self-assessments to ensure the compliance with (1) the ESPRIT Supplier Code of Conduct; and (2) the BSCI Code of Conduct and (3) other Code of Conducts of associations of which ESPRIT may be a member, to be informed by ESPRIT from time to time. Therefore, VENDOR shall himself and at own cost – engage solely those expert(s) being officially authorized by ESPRIT and communicated to VENDOR. Such authorized experts shall conduct unannounced plant visits and unannounced formal audits on a regular basis or as required by ESPRIT at POFs, Sub-Contractors and Material Supplier in accordance with the requirements of ESPRIT. SUPPLIER shall fully cooperate with the requirements and demands of the authorized expert(2) and provide ESPRIT with a copy of the audit report without undue delay accompanied with a process for timely correction of deficiencies discovered. VENDOR shall keep ESPRIT updated about the progresses made every two (2) months and upon request from ESPRIT.

b) ESPRIT Audits

Additionally, formal audits may be executed by ESPRIT or appointed experts – with or without prior notice – at the sole cost of VENDOR throughout the whole supply chain to assess in particular the compliance with (1) the ESPRIT Supplier Code of Conduct, (2) other Code of Conducts of associations, ESPRIT may be a member of and (3) further terms and conditions of the GCPD and with local laws that apply to them.

c) ESPRIT Plant Visits



Beside these formal audits, ESPRIT reserves the right - with or without prior notice - to always access (or appoint experts to access) the site of SUPPLIER where ESPRIT raw materials or ESPRIT pre-finished or finished goods are manufactured, stored and/or prepared for loading.

12.3 Applicability throughout the supply chain

This Esprit Supplier Code of Conduct applies to all stages of the supply chain. The VENDOR shall be responsible and liable for assuring that all SUPPLIER that they work with are in full compliance. In all cases of self-assessment, formal audit or plant visit, VENDOR shall be responsible

- a) that records are taken and retained and upon ESPRIT's request handed over to ESPRIT Social Compliance Department
- b) to obtain SUPPLIER's general approval to grant ESPRIT (or the appointed expert) access to their sites and documents.

12.4 Consequences of non-compliance or obstacles in connection with plant visits and/or audits

Non-compliance with the terms and conditions of this Code of Conduct may lead to severe penalties including but not limited to fines, withdrawal of ESPRIT's acceptance as party in the supply chain, notification of local authorities of unlawful practices, and/or termination of the business relationship. The same does apply to obstacles set by SUPPLIERS in connection with audit and/or plant visits such as denying access to the respective productions sites or to any kind of document requested, obstacles to interview employees etc.

13 MISCELLANEOUS

The original version of this Code of Conduct is drafted in English language. It may be translated into local language. In case of discrepancies between the local version and the original English version, the latter shall prevail.



IMPLEMENTING THE SUPPLIER CODE OF CONDUCT



Zero Tolerance Issues

When problems are found in factories, Esprit generally tries to work with management to resolve them rather than abruptly withdrawing business. When efforts to address problems fail, Esprit may find it necessary to stop doing business with the supplier. If an issue is exceptionally severe, however, it may be necessary to take immediate action, which could include suspending orders immediately and shifting cut pieces or materials to other factories to be completed. Zero tolerance issues include the following:

- Child labor: Production can continue only if management immediately implements the remediation plan outlined in the Child Labor section of this Manual.
- Non-transparency: Refusing audits, actively hiding documents or producing falsified records, actively misleading the auditor, failing to participate in the audit process as agreed upon becoming an Esprit supplier.
- Illegal activity
- Attempted bribery / corruption
- Imminent physical danger posed by the factory to workers, Esprit staff or others.
- Other serious violations of human rights.



1. ETHICS

Suppliers must:

- Have a written policy to prevent and eradicate any engagement in illegal activities, including corruption and bribery, among their staff.
- Require staff at the management level sign their understanding and agreement with the policy.
- Ensure that the system allows employees to report corruption or bribery. Keep records of actions taken with regard to any cases reported.
- Develop a procedure to guarantee that workers can address complaints with respect to unlawful activities, non-compliance with the Esprit Code of Conduct and/or concerns related to their workplace without danger of reprisals.
- Develop a training program to assure that all employees understand and can use the procedure.

2. LEGAL COMPLIANCE

Suppliers must:

- Obtain and keep on file, preferably in a file established for this specific purpose, up-to-date copies of all applicable local laws and regulations.
- Maintain all necessary records and required permits for operation of the production facility.
- Ensure that senior management and other personnel are thoroughly familiar with all relevant laws.

Include in the company policy manual descriptions and procedures for proper handling of:

- Processes for avoiding child labor and the treatment of young workers
- Harassment and abuse- especially criminal penalties for physical abuse and sexual harassment and abuse
- All aspects of health and safety relevant to the factory
- Processes for avoiding discrimination in all employment decisions
- Treatment of female workers, including maternity regulations
- Legally mandated wages and benefits
- Work hours and overtime regulations, including limits
- Freedom of association, including regulations related to trade unions
- Relevant environmental regulations



4. CHILD LABOR

Esprit business partners do not use child labor. We expect that our partners adhere to local law with regard to age of employees and that under no circumstances will they hire employees under the age of 16 (14 or 15 where the governing law and ILO Standards allow such employment under special circumstances).

Suppliers must:

- Include in the company policy manual a description of hiring procedures establishing a minimum age for employees that satisfies this code and local law.
- Maintain up-to-date copies of all relevant law and regulation.
- Keep copies of government-issued photo identification of all employees in the employees' personnel files.
- Develop processes for human resource staff (or any other staff authorized to recruit new workers, such as supervisors in small scale factories) to identify applicants using falsified personal identification at the time of hire.
- Where proof of age documents are unreliable or unavailable, find other ways to verify the employee's age. Examples could include an official copy of a school certificate or affidavit from local government representative. Because proof of age documents can be easily forged or altered, factories in some regions may need to utilize the services of a government-certified medical doctor to verify employees' ages through a physical examination. Documentation of examination results must be included in personnel files with at least one other proof of age document.

Restrictions on work hours and types of work that can be performed by Young Workers: Esprit partners must ensure that they adhere to regulations governing work hours, overtime, weekend and night work, exposure to chemicals, working conditions, and other restrictions placed on young workers who, although of legal age to work in the factory, are not yet legal adults (usually 18 years of age). If the factory cannot guarantee compliance with regulations restricting the type of work performed by young workers, or that young workers will not be required to work in violation of the law, the factory's minimum age for new hires should be raised to allow the factory to assure compliance with local law.

Suppliers must:

- Maintain a list of employees who, because of their age, are restricted to certain hours or tasks. Ensure that they are employed in compliance with legal limits placed on young workers.
- Thoroughly understand all regulation related to young workers, including specific production areas and functions within the factory where young workers may not be employed. Include this list of functions in materials given to young workers when they are hired.
- Identify and list production operations where young workers may be engaged.
- Develop a system to train responsible personnel who will supervise young workers on relevant regulation and to monitor compliance.
- Develop specific written materials to be given to young workers, in addition to the company handbook, that outline specific regulation relevant to their employment. Explain these regulations verbally, and emphasize that the young worker has a role in assuring that regulation is followed.

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- Establish a program to encourage young employees to attend night classes and participate in educational programs.
- Any factory employing young workers must maintain an active file of all young workers. Esprit will review this file periodically.

Responding to Child Labor

Esprit partners must ensure that, if child labor is found, the child will be safely returned to his or her family, that his/ her livelihood and minimum education will be ensured, and that he or she will be offered a job upon leaving school and reaching to legal age to work as per local law.

If underage workers are found in the factory, suppliers must:

- Immediately remove the child from the work area.
- Collect names & address of the child's parents or legal guardians, contact them and return the child to them.
- Arrange to enroll the child in school, vocational training or another appropriate educational setting and pay the tuition fee. The supplier should collect and preserve attendance records, and maintain the child in school until graduation or until the child decides to leave school after having reached the legal age to do so.
- Continue paying the child's monthly wage to the child's family in exchange for keeping the child in school.
- Encourage stakeholder engagement, e.g., local NGOs specializing in children's' issues, to support the child until she / he completes compulsory education.
- Track the age of the child and offer him or her employment upon reaching the legal minimum age permissible to work as per local law, unless the child decides to remain in school.

4. FORCED, BONDED, INDENTURED AND PRISON LABOR

Esprit prohibits the use of labor that is anything other than voluntary. Some unacceptable types of compulsory labor include the following:

- Prison Labor: Laborers whose freedom of movement is monitored or restricted for alleged or adjudicated criminal or political activity.
- Indentured Labor: Workers who are offered to the employer by another person, possibly a parent or a labor broker, in exchange for a sum of money. This includes Indian Sumangali and other similar arrangements.
- Debt-bonded Labor: Individuals who pledge their personal services or those of a person under their control to work as security for a debt.
- Foreign contract labor: Persons who have paid fees to labor brokers to help them obtain employment outside of their home countries.

Suppliers must:



- Ensure that hiring procedures in the company policy manual prohibit any kind of forced labor.
- Have complete, up-to-date personnel files for each employee. These files should contain copies of at least one type of basic employee identification, such as a government-issued identification card, a birth certificate, passport or other documentation.
- Be aware of and take steps to assure that there is no human trafficking in their supply chain in accordance with standards set out by the California Supply Chain Transparency Act of 2010 and similar European legislation.

Voluntary Labor Practices: Suppliers must never physically prevent employees from leaving the workplace.

Employees should be free to leave the factory after regular work hours are completed. The factory should not keep original copies of employee documents, such as passports or identification cards, nor should the factory require fees or deposits in order to prevent employees from leaving.

Employers must ensure that all overtime is strictly voluntarily. The imposition of overtime where workers are unable to leave the work premises is forced labor. This includes practices such as declaring compulsory overtime for a specific time period for the entire workforce.

Employers must ensure that employees are free to terminate their employment relationship at any time following local legal requirements.

Armed guards, military or police personnel stationed at the workplace or in residential buildings are highly questionable, and should be present only for legitimate security reasons. Perimeter fences designed to keep employees in, rather than intruders out, are not acceptable.

Suppliers must:

- Ensure that the factory has no policy restricting employees' right to leave- whether at the end of the shift or the end of employment. This includes practices such as locking exit gates or doors, keeping original copies of employees' personal documents, and withholding deposits or wages.
- Utilize professional security services, not police or military personnel, to provide workplace security.
- In case the factory needs overtime work, workers must receive advance notice. They must be allowed to decline, and to leave the factory after completing regular hours.
- Ensure that workers are free to resign from their job following local legal requirements, and that they receive all due benefits in a timely manner.

Freedom of movement: Suppliers must never physically prevent employees from moving inside or outside of the factory premises.

Esprit expects that business partners will respect employees' freedom of movement, even while understanding that an orderly work process is necessary to factory operation. Employees should not be



coerced or punished for moving about the factory for necessary personal reasons, such as going to the bathroom.

Outside of work hours, employees have the right to choose what to do with their free time, and rules should not restrict employees during free time.

How can Esprit business partners demonstrate compliance?

- Allow employees to move about the factory as needed to address such personal needs as using the toilets, accessing drinking water, or seeking medical care.
- Strictly prohibit any sorts of restriction on the use of the toilets during working hours. Prohibit all practices such as turnstiles at the toilet gates, designating limited number of cards per line for toilet use during working hours or any restriction on the use of toilets short before or after the breaks.
- Do not have regulations governing what employees may do or where they may go during their free time.
- If curfews in dormitories are necessary for safety reasons or to assure a good living environment, these rules should be reasonable and formulated with input from employee representatives.

Educate workers living in company dormitories of any potential hazards when traveling outside the factory. Encourage workers to travel in groups and not to travel alone at night.

5. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Esprit expects our business partners to respect the right of employees to join or form unions and to bargain collectively. We expect factory management not to discriminate based on union membership.

Suppliers must:

- At a minimum, obey all relevant laws and regulations related to freedom of association, union organizing and collective bargaining.
- Not discriminate, penalize, threaten or restrict employees from choosing to form or join lawful unions and associations.
- Recognize and bargain in good faith with any legally formed unions.
- Allow union representatives access to workers for meetings and other activities as required by law.
- Provide space or other facilities for legally recognized unions as required by local law.

6. DISCRIMINATION, HARASSMENT AND ABUSE

Esprit expects that our business partners will create and support working environments that are not discriminatory. This means that hiring policies are fair, objective, and based upon the employee's ability to do the job. Employees should be paid equal wages for comparable work regardless of personal characteristics such as gender or place of origin. All kinds of harassment and abuse, including verbal, physical, and sexual harassment are strictly prohibited.



Suppliers must:

- Have a written policy stating that employees are hired without regard to gender, ethnic origin, race, color, religion, age, maternity, sexual orientation, or marital status.
- Ensure that wages and benefits are paid without regard to gender, ethnic origin, race, color, religion, age, maternity, sexual orientation, or marital status.
- Provide equal support and opportunity for all employees in promotions to supervisory positions.
- Not terminate or refuse to hire workers because they are pregnant or may become pregnant.
- Ensure that all personnel understand the definitions of harassment and abuse, including physical, verbal, sexual and psychological harassment and abuse.
- Have a written policy on harassment and abuse that includes exact definitions of unacceptable behavior, and a clear system for employees to report violations. Since many instances of harassment and abuse occur between employees and their supervisors, the reporting system must include mechanisms to allow workers to report problems to someone other than their direct superiors.
- Ensure that all employees receive training on harassment and abuse, that they understand company policy on acceptable behavior, and that they understand and feel comfortable using the established reporting system.
- Provide training for employees on workplace communication strategies that encourage clear, professional, non-coercive methods of employee interaction.
- Develop and maintain a comprehensive grievance procedure to ensure that all cases of harassment and abuse are reported so that they can be addressed. A guidance document on the establishment of effective worker communication and grievance procedures may be found in Appendix D of this manual.
- Ensure that the written disciplinary procedures define concrete disciplinary actions against discrimination, harassment and abuse (See Appendix E: Disciplinary Policies and Termination).

Female Employees: Esprit expects that female employees will not face discrimination in the workplace. While we support initiatives to provide family planning information to employees, such activities may not be used to discriminate against women or be forced upon them.

How can Esprit business partners demonstrate compliance?

- Obligatory pre-employment or on-going pregnancy testing will not be performed.
- Any lawful family planning program should only be instituted in partnership with a government agency or relevant community organization.
- Employees who take legally mandated maternity leave should be reinstated to the same position at the same pay upon returning to work.
- Factories shall adhere to laws regarding pregnant employees, such as limiting overtime or restricting work to certain jobs that do not have the potential to injure the health of the mother or baby.
- Develop specific written materials to be given to pregnant employees in addition to the company handbook. These should include relevant regulation, as well as a description of specific areas of the factory (e.g., the chemical storage room) where pregnant employees may not work, as well as job functions that they may not perform.
- Educate pregnant employees about the potential risks that some jobs may pose.



7. WAGES, BENEFITS AND TERMS OF EMPLOYMENT

At a minimum, Esprit expects its business partners to pay employees according to applicable minimum wage laws or prevailing local standards, whichever is higher. Business partners must also provide reasonable increases in wage rates based on skill levels or other non-discriminatory factors. In addition, employees may not be paid less because of their gender or place of origin.

Suppliers must:

Establish factory base wages that are at least the legal local minimum wage or the prevailing local wage whichever is higher.

Ensure that all employees, including trainees or contract employees, are paid at least this base wage.

Have a wage system that allows for wage increases based on skill level, productivity or other relevant factors.

Pay Calculation and Communication with Employees: Methods of pay calculation must be standardized and clearly explained to employees. Employees must receive a pay slip written in a language that they understand along with their pay. The pay slip outlines gross pay and includes a complete breakdown of deductions, allowances, and bonuses, such that wage calculations can be checked and verified from the information provided. Additional information on the contents of pay slips is available in Appendix F: Sample Pay Slip.

Suppliers must:

Include in the factory policy manual a written description of how pay is calculated. Provide a copy of this description to new employees upon hire, and post the description in the factory where employees can refer to it as needed.

Produce a pay slip for employees each pay period which shows gross base wage and overtime, and includes all deductions and bonuses, as well as the calculations used to arrive at net pay. Ensure that workers understand clearly how their pay is calculated.

Utilize accurate records generated by a time clock or other automated device for calculating pay. Any manual changes to records must be indicated within the system.

Have employees punch or swipe their own time cards.

Involve employees in keeping production and other records; do not make supervisors solely responsible for maintaining this information.

Establish necessary communication channels for the workers where they are able to approach the accounting department for questions or appeals they may have on pay calculation in general or for a specific month.

Timely Payment of Wages: Employees must be paid on time and according to an established schedule that reasonably takes employee needs into consideration. For monthly payments, no payment term may exceed 20 days after the completion of working month.

How can our business partners document compliance?



Have an established pay schedule and strictly adhere to it.

Where practical and acceptable to workers, have an automated system for payroll, such as direct deposit.

Deductions: Deductions from wages must be reasonable, legal and in keeping with local law and industry standards. The services for which deductions are made must be well provided. For example, deductions for meals should support nutritious, ample and hygienically prepared meals.

No deductions may be made for equipment or tools to be used by employees in doing their jobs, or for personal protective equipment, in particular. These items should be provided by the employer at no charge. No deductions may be made for items required by factory management, such as uniforms, employee identification cards, electronic time cards, or other similar items.

Fines as a disciplinary measure are not permitted. Where pay is docked in response to workers arriving late or leaving early, the amount deducted may not exceed that which the worker would have earned had he / she worked.

Suppliers must:

Include a complete description of all deductions in the company policy manual.

Ensure that services being paid for by deductions are high quality and well delivered. Ask employee representatives to evaluate these services and find ways to improve them.

Deductions cannot result in workers earning less than the minimum legally prescribed wage or local industry standards, whichever is higher.

Deductions cannot economically benefit the employer

Deductions cannot be applied as a form of discrimination

Benefits: All legally mandated benefits must be provided to all eligible employees. Employees should be informed of their benefits through the company policy manual, and must know how to access benefits. The employer should facilitate employees' receiving benefits as much as possible. In particular, Esprit expects all legally required maternity benefits to be provided to employees.

Suppliers must:

Clearly describe all employee benefits in the company policy manual.

Instruct office staff responsible for issuing benefits on how to provide them to employees. Train office staff to provide good "customer service" related to providing benefits.

Maintain regular contact with outside sources of benefits, including government agencies, health clinics, etc. in order to provide accurate, up-to-date information to employees on accessing benefits.

Overtime Premiums: At a minimum, employees must receive overtime premiums as required by local law.



Suppliers must:

Ensure that all hours worked beyond the legally mandated regular workweek are paid the applicable overtime premium. Annual leave and public holidays must be provided according to law or, at a minimum, be compensated according to law.

Maintain complete payroll records to show that employees are being paid according to law.

Pay special attention to assure that piece rates during overtime hours are calculated according to local regulation.

Where Regulation is Lacking or Unconfirmed: Esprit expects its business partners to be completely familiar with local regulations regarding wages, benefits and work hours, and to ensure that Esprit understands them as well. In areas where local regulation is lacking, or where Esprit has not been able to confirm local regulation, we assume the following:

The standard workday is eight hours

The standard workweek consists of five, eight-hour days

Work in excess of eight hours on normal workdays is compensated at 1.25 times the normal base rate. This also applies to piece rate workers.

Work on weekends is compensated at twice the normal base rate

Work on national holidays is compensated at three times the normal base rate

Probation, Training and Apprenticeship Programs: Esprit supports lawful probation, training, apprenticeship and work-study programs for the benefit of employees. These programs must be implemented according to local law, and in cooperation with an appropriate government agency or other organization, such as a technical school.

Suppliers must:

Maintain clear and complete records describing the program, how it is administered, its objectives and timeline, and which employees are enrolled in the program. Where required by local law, the program must be approved by the appropriate government agency.

Probationary and training wages may not be lower than the local minimum wage.

Workers must be provided all legally mandated benefits during the probation and / or training period.

Normal training periods for all jobs must be defined and incorporated into a written training policy.

No training period should exceed three months, and no employee can be considered a trainee for longer than three months.

The length of any training program must be proportionate to the skills actually being learned. Workers should be made regular employees as soon as they have acquired the needed skills.



8. WORK HOURS

The normal workweek, during which normal pay rates apply, must be no longer than the legally mandated workweek. Any hours worked outside of the normal workweek are considered overtime, must be voluntary, and must be paid at a premium rate. In addition, legally mandated breaks, rest periods and days off must be respected. Workers must always be given one day off in seven.

Suppliers must:

- Ensure that the official factory workweek meets legal requirements.
- Include in the company policy manual all breaks, rest periods and holidays, in accordance with local law.
- Ensure that regular work hours do not arbitrarily change from week to week, and that employees are aware of their work schedule.

Recording work hours: Supplier factories must have an automated time-keeping system to record workers' hours. Workers must punch or swipe their time cards themselves; supervisors or co-workers may not clock workers in or out. Factories may also use other machines like thumb readers or face screening machines for attendance. The machines should be well placed and numerous enough to assure that all workers are able to punch in and out within 10 minutes of the beginning or end of the shift.

Off-the-Clock Work: Esprit business partners are committed to compensating employees for all work performed. If employees enter the work area before the start of the regular shift in order to prepare their machines, get an early start, etc., if they return to work early from breaks, or if they remain in the work area after the end of the regular shift to clean their machine or complete a daily / hourly quota, this time must be compensated.

Where Regulation is Lacking or Unconfirmed: As mentioned in the previous section, Esprit expects its business partners to be completely familiar with local regulations regarding wages and work hours, and to ensure that Esprit understands them as well. In areas where local regulation is lacking, or where Esprit has not been able to confirm local regulation, we will assume that the standard workweek consist of five, eight hour days and that hours in excess of this standard are compensated as outlined in section 6 of this manual.

Recording and analyzing working hours: Factories should maintain at least 24 months working hour records, or more if required by law. When excessive overtime (60+ hours per week) occurs in the factory, management must analyze working hours by section or department in order to identify causes and find solutions to reduce work hours. See Appendix X for more information on work hour analysis.

Production Planning: Factories must conduct production capacity analysis and production planning using legal regular working hours (not overtime) as the base of available production time.

Overtime: While Esprit recognizes the need for flexible scheduling, our partners should ensure that work hours are in compliance with the Esprit Code of Conduct and all applicable laws.



Suppliers must:

- Stipulate in the company policy manual that any hours beyond the legally mandated workweek will be considered overtime. Define, according to local law, the various types of overtime, including weekday overtime, weekend work, and holiday work, and the corresponding pay rates.
- Seek management solutions to ensure that work hours stay within the limits of local law.

Voluntary Overtime: Employees have the right to refuse overtime. There should be no penalties, fines, or retribution of any kind for refusing overtime. Workers must not be deprived from or forced to work overtime as a disciplinary measure.

For more information on work hours and managing overtime, see Appendix G: Work Hour Analysis and Appendix H: Work Hour Analysis Work Sheet.



9. OCCUPATIONAL HEALTH AND SAFETY

Esprit expects all business partners to maintain the highest standards of workplace health and safety, based on international standards combined with local law and regulation. Where the standards below are higher than required by local law, business partners are expected to implement these standards. If local law calls for a higher standard, the higher standard must be met.

A note about fire safety: Esprit endorses the Fire Safety Initiative of the Fair Labor association. Full information about the Initiative is available at <http://www.fairlabor.org/firesafety>. The official FLA materials should be referenced at all times. In addition to this, Esprit is a member of the Accord on Fire and Building Safety in Bangladesh. We endorse the standards set by Accord in Bangladesh and globally. More information on the Accord can be found at <http://bangladeshaccord.org/building-standards/>.

Beyond developing standards for the numerous aspects of workplace health and safety, Esprit expects its business partners to develop professional health and safety plans, and to implement comprehensive management systems to ensure high standards on the factory floor from day to day. These include systems for communicating standards and training workers to identify and deal with workplace hazards, reporting systems to manage problems as they arise, and methods for keeping up-to-date on best practices for minimizing the hazards inherent in the factory's specific manufacturing processes.

Reference List of Written Health and Safety Materials

Compliance with Esprit's Health and Safety Standards requires a significant number of written policies and plans, as well as periodic tests of various kinds. Necessary Written Materials include the following:

Plans

- Risk Assessment
- Fire Safety Plan
- Personal Protective Equipment (PPE) Plan
- Emergency Response Plan
- Medical Care and First Aid Policy
- Chemical Storage, Dispensing and Handling Program

Training Records

- Fire Safety Training
- PPE Training
- Chemical Handling Training
- First Aid Training
- Emergency evacuation drills. An evacuation drill log must be maintained and must include at least the following details:



- 1) Date/time of the drill
- 2) Alarm type/drill scenario
- 3) Evacuation time (pre-movement time plus travel time)
- 4) Attendance time
- 5) Number of attendees (including visitors, office staff etc.)
- 6) Problems observed during evacuation process; bottlenecks, panicking/ stampede, coordination issue etc.
- 7) Problems observed on fire alarm & emergency lighting systems
- 8) Precautions for evacuation of special category workers (disabled workers, pregnant workers, etc.)
- 9) Signature of health and safety committee members
 - Certificates for all trained medical personnel and qualified providers of first aid. Copies of certificates should be kept in personnel files, and copies should be displayed on the work floor, in the clinic, or at other appropriate work areas to help identify personnel who can provide medical assistance or first aid.

Test Results and Maintenance Records

- Light testing records
- Noise level testing records
- Vibration testing records
- Air quality / VOC testing records
- Thermal comfort testing records
- Drinking water testing records
- Fire extinguisher maintenance records
- Fire alarm system maintenance records
- Machine maintenance records

First Aid Kits: No oral medicines or invasive devices, such as needles, should be placed in first aid kits. Suggested contents for first aid kits include: sanitary bandages (plasters, or Band-Aids), bagged cotton, gauze bandages, scissors, tweezers, antiseptic cream, medical alcohol, burn cream, insect sting cream, eyewash solution, 2 packaged pairs of sterile gloves, biohazard waste bags for contaminated product disposal (bloody bandages, etc.), and a face shield for resuscitation use.

Further information on health and safety can be found in the following appendices of this Manual: Appendix I: Risk Assessment, Appendix J: Chemical Management, and Appendix K: Health and Safety Committees.

10. ANIMAL TREATMENT, USE OF CHEMICALS AND ENVIRONMENT

Esprit business partners must comply with all relevant local environmental laws and regulation.

Suppliers must:



- Identify all relevant laws and regulations.
- Maintain all required permits and necessary records, including wastewater permits, emission permits, water testing records, waste disposal records, factory inspection records, and any other records related to environmental concerns.
- Designate a manager to be responsible for addressing and overseeing compliance with environmental regulation.

Environmental Management Program: Esprit business partners should develop a plan for managing environmental issues in their production facilities. An environmental management plan demonstrates an organized method for minimizing the environmental impact of operations.

Suppliers must:

- Develop an environmental management plan that details how relevant issues are to be addressed. The plan should designate the employee responsible for implementing the plan, and include a description of the environmental impact of production processes, and a list of permits and records to be maintained and the relevant government agencies.
- Encourage management staff to attend conferences or other events to learn more about environmental management, and speak to other contractors to learn to minimize the use of materials.

11. MANAGEMENT SYSTEMS

A robust social compliance management system is the set of policies, procedures, and accountability that a factory uses to assure that standards for working conditions are met and maintained over time.

This system would include, in addition to written policies, clearly defined roles and responsibilities and means to monitor compliance. Documentation is a necessary part of management systems because it allows effectiveness to be assessed over time and for the causes of failures to be traced. Written policies must be gathered together in a worker handbook, which is distributed to all employees (See Appendix B: Worker Handbooks). Thorough and ongoing training programs, as well as a regular internal monitoring system, are vital to assuring that the workforce understands the goals of social compliance and is positioned to play an appropriate role in achieving them (See Appendix C: Training and Capacity Building). For regular internal monitoring, all suppliers are encouraged to use the Esprit Self-Assessment Template provided in Appendix Q of this Manual.

Well defined management systems are also required for the vital task of involving the entire workforce in the work of social compliance and achievement of sustainable improvement. Responsibilities for the various aspects of social compliance must be clearly assigned, and the responsibilities of nearly everyone in the factory must be recognized, defined, and declared so as to assure widespread support for the work and to assure that the entire program is not overly reliant on a single person.

Esprit suppliers are responsible for assuring adherence to local law and international standards throughout their supply chains just as Esprit is responsible for these matters within our own. Fulfilling this obligation



requires suppliers to establish processes and procedures to assess conditions in their suppliers' factories, to remediate as necessary and to assure sustainable improvement in these factories over time.

Suppliers must:

- Develop written policy and implementation procedures on each Esprit Code of Conduct element. Such policy and procedures should be specific to the nature and the specific conditions of the factory.
- Effectively communicate these policies and procedures to workers and management staff at all levels.
- Assign roles and responsibilities for all staff, including workers, for the operating of the management system. A good practice would be to include the effective conducting of these roles and responsibilities within the promotion or bonus system at the factory.
- Assign a person at the management level for the overall monitoring of the system. The person assigned must have decision making authority necessary to take immediate action where necessary. He / she should be backed up by a group of management personnel so that his / her absence will not cause regular monitoring activities to stop.
- All actions on the implementation of policy and procedures, as well as regular monitoring must be documented properly.