

Why adopt a standard

Our supply chain has evolved over several years and is centralised under a single internal group through which all third-party social responsibility initiatives are directed.

The original migration to a centralised supply chain was used as an opportunity to identify appropriate international benchmarks that Cole Workwear should work towards in its dealings with third-party contractors. This was an exercise conducted back in 2012. Through this review, it became apparent that the only suitable way to benchmark third-party contractor performance and demonstrate their continued adherence to appropriate labour standards was the company's to move towards the adoption of a globally-accepted standard rather than lower impact, sometimes unreliable regional QC standards.

The social compliance standard adopted by the company was Social Accountability International's SA8000.

What is SA8000?

Social Accountability 8000 (SA8000) is a certification standard designed to help companies manage workplace conditions throughout a global supply chain. It was designed in consultation with 'representatives of trade unions, human rights organisations, academia, retailers, manufacturers, contractors, as well as consulting, accounting, and certification firms'.

The standard is based on the primary international workplace rights contained within the International Labour Organisation conventions, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. It involves the implementation of management systems within the workplace of suppliers and involvement of key stakeholders including workers and factory owners. Importantly, SA8000 is an auditable certification standard which provides the ability to benchmark workplace standards and measure improvement.

An overview of SA8000 can be viewed at <http://www.sa-intl.org/>, which provides the following summary of key elements of the standard:

- **Child Labor:** No use or support of child labor; policies and written procedures for remediation of children found to be working in situation; provide adequate financial and other support to enable such children to attend school; and employment of young workers conditional.
- **Forced and Compulsory Labor:** No use or support for forced or compulsory labor; no required 'deposits' - financial or otherwise; no withholding salary, benefits, property or documents to force personnel to continue work; personnel right to leave premises after workday; personnel free to terminate their employment; and no use nor support for human trafficking.
- **Health and Safety:** Provide a safe and healthy workplace; prevent potential occupational accidents; appoint senior manager to ensure OSH; instruction on OSH for all personnel; system to detect, avoid, respond to risks; record all accidents; provide personal protection equipment and medical attention in event of work-related injury; remove, reduce risks to new and expectant mothers; hygiene- toilet, potable water, sanitary food storage; decent dormitories- clean, safe, meet basic needs; and worker right to remove from imminent danger.
- **Freedom of Association and Right to Collective Bargaining:** Respect the right to form and join trade unions and bargain collectively. All personnel are free to: organize trade unions of their choice; and bargain collectively with their employer. A company shall: respect right to organize unions & bargain collectively; not interfere in workers' organizations or collective bargaining; inform personnel of these rights & freedom from retaliation; where law restricts rights, allow workers freely elect representatives; ensure no discrimination against personnel engaged in worker organizations; and ensure representatives access to workers at the workplace.
- **Discrimination:** No discrimination based on race, national or social origin, caste, birth, religion, disability, gender, sexual orientation, union membership, political opinions and age. No discrimination in hiring, remuneration, access to training,

promotion, termination, and retirement. No interference with exercise of personnel tenets or practices; prohibition of threatening, abusive, exploitative, coercive behaviour at workplace or company facilities; no pregnancy or virginity tests under any circumstances.

- Disciplinary Practices: Treat all personnel with dignity and respect; zero tolerance of corporal punishment, mental or physical abuse of personnel; no harsh or inhumane treatment.
- Working Hours: Compliance with laws & industry standards; normal workweek, not including overtime, shall not exceed 48 hours; 1 day off following every 6 consecutive work days, with some exceptions; overtime is voluntary, not regular, not more than 12 hours per week; required overtime only if negotiated in CBA.
- Remuneration: Respect right of personnel to living wage; all workers paid at least legal minimum wage; wages sufficient to meet basic needs & provide discretionary income; deductions not for disciplinary purposes, with some exceptions; wages and benefits clearly communicated to workers; paid in convenient manner – cash or check form; overtime paid at premium rate; prohibited use of labor-only contracting, short-term contracts, false apprenticeship schemes to avoid legal obligations to personnel.
- Management Systems: Facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices.

The application of SA8000 throughout the company's supply chain allows for a better understanding and management of the supply chain. Over and above this, it is hoped the ongoing application of the standard may encourage generational change among contractors and suppliers and, ultimately, lead to positive social change and manufacturing excellence.

How does SA8000 apply to our supply chain?

We previously used our own supplier Code of Conduct, coupled with a series of standards outlined in the contractually binding Supplier Agreement, to influence supply chain workplace standards. While generally effective, the Code of Conduct and Supplier Agreement did not represent a global standard that could be independently audited and measured. This led to the introduction of the SA8000 standard into the company's supply chain in late 2013.

What is the Supplier Code of Conduct?

The supplier Code of Conduct outlines the ethical standards that we expect within our third-party supply chain. The document is given to all suppliers and is displayed in poster format in a prominent position within their factories. If a factory is failing to comply with the code, this is generally identified during inspections and audits. There is also a toll free telephone number and an email address through which workers can lodge anonymous complaints. The Code is supplied in both English and the local language relevant to each factory location.

What is the Supplier Agreement?

The Supplier Agreement is a contractually binding agreement that outlines all trading and manufacturing terms between the supplier and companies within our Group. It covers all of the processes for matters including ordering, payment, prices, design approvals, sampling, delivery, quality, use of intellectual property, subcontracting, insurance, legal compliance and dispute resolution. In addition, it works in conjunction with the Code of Conduct to outline appropriate workplace standards, sets the expectation for compliance with our policies and provides a set of guidelines for the adoption of responsible and commercially beneficial practices.