

# BELLA+CANVAS®

## Social Compliance Manual

V3.0 – Nov 2023



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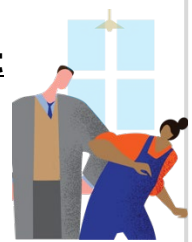
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# Introduction

Bella + Canvas, LLC ("BELLA+CANVAS") is committed to providing superior quality merchandise and services to customers. As a part of our corporate culture and values, we strongly believe the quality of our merchandise begins with the treatment of the people who create our products.

Since our founding over 25 years ago, we have become the second largest wholesale apparel brand in the world. We will continue to hold ourselves to the highest standards, always and without question. To do that, we need your support.

## THE FAIR LABOR ASSOCIATION

To help us continue our journey in the right direction, we decided to join the [Fair Labor Association](#) (FLA) at the end of 2019. The FLA is a collaborative effort of socially responsible companies, colleges and universities, and civil society organizations that creates lasting solutions to abusive labor practices. With FLA as a strategic partner, we have updated our Workplace Code of Conduct to align with the [FLA Workplace Code of Conduct](#), and we are in the process of enhancing our internal modus operandi in line with the [FLA Principles of Fair Labor and Responsible Sourcing and Responsible Production](#). We are confident that by upgrading our policies, procedures, and actions with these core FLA documents, BELLA+CANVAS will drive better working conditions in factories, better livelihoods for workers, and better products for our customers.

## THE SOCIAL COMPLIANCE MANUAL

This Social Compliance Manual (the manual) has been prepared to help guide our own facilities as well as our contract manufacturing partners meet our social compliance standards. This BELLA+CANVAS manual has been designed based on laws, principles, conventions, standards, and codes that protect and promote workers' rights. It serves as a basis to understand how to work with us and as a reference tool when you are seeking to remediate or improve upon challenges at your manufacturing facility. As a business committed to social responsibility, we maintain high standards for workers' rights and toward continuous improvement—in our own operations and in supporting our business partners to maintain theirs.

While our regular social compliance audit process and color-coded ratings currently focus on cutting and sewing facilities, this manual applies to any facility involved in the production of products, components, and materials containing any intellectual property owned by BELLA+CANVAS anywhere in the world, including licensed products. This scope also includes but is not limited to warehouses, dye houses, and laundries, with other facilities to be determined on a case-by-case basis. All such facilities must uphold the BELLA+CANVAS standards described in this manual, and any such facility may be subject to a social compliance audit or investigation.

## HOW TO USE THIS MANUAL

The manual is organized in the following manner:

- **Workplace Code of Conduct** – The manual begins by introducing the BELLA+CANVAS Workplace Code of Conduct, the foundation of our social compliance program.
- **Code of Conduct Compliance Guidelines** – Next, the manual breaks down the Workplace Code of Conduct into detailed benchmarks, explaining our expectations and the criteria



we use to ensure factories meet our standards.

- **Other Policies** – After the Workplace Code of Conduct, we provide a series of policies and procedures that will support factories ensure compliance and remediate noncompliances if they occur.
- **Assessment Program** – The manual then proceeds to explain how we evaluate our own manufacturing facilities, joint venture facilities of which we are a party, as well as those of our manufacturing partners and how we work with those in charge of attaining and maintaining our standards.
- **Acknowledgement** – Lastly, you will find a form to be signed by the factory owner or by the general manager, confirming her/his receipt and understanding of all the provisions detailed in this manual. By signing this document, the factory owner or the general manager 1) commits to implement, at a minimum, BELLA+CANVAS Workplace Code of Conduct and related compliance guidelines, 2) understands BELLA+CANVAS assessment program, including its color-coded rating system, and 3) allows full access to facilities and documentation to assessors from BELLA+CANVAS or any third party involved in monitoring on behalf of BELLA+CANVAS or the initiatives of which the company is part.

# Workplace code of conduct

## INTRODUCTION

BELLA+CANVAS is committed to providing superior quality merchandise and services to customers. As a part of our corporate culture and values, we strongly believe the quality of our merchandise begins with the treatment of the people who create our products. We have developed a Workplace Code of Conduct that specifies basic minimum policies, procedures, and working conditions while leveraging industry best practices. Our Workplace Code of Conduct is based on International Labor Organization (ILO) standards and internationally accepted good labor practices. As long-time supporters of ethical working conditions, our workplace standards exceed those required by both the Fair Labor Association (FLA) and Worldwide Responsible Accredited Production (WRAP). BELLA+CANVAS commits to FLA standards and only works with suppliers who share this commitment, and our own U.S. facilities have been WRAP certified, which we also require of our business partners.

## SCOPE OF THE CODE

The BELLA+CANVAS Workplace Code of Conduct applies both to our owned operations, which include any joint ventures of which we are a party, and to our suppliers,<sup>1</sup> who are our partners in upholding our commitment to ethical business practices. These standards and all relevant laws, regulations, and conventions in all countries in which our suppliers operate shall be observed. While BELLA+CANVAS recognizes that there are different legal and cultural environments in which our suppliers operate throughout the world, this Code sets forth the minimum requirements that all suppliers shall meet in order to do business with BELLA+CANVAS. When differences or conflicts in requirements arise, the highest standard shall apply.

This Code shall be communicated to all workers and posted prominently in the workplace in English and the native languages of all factory employees and management who work with our products.

## ABOUT OUR SOCIAL COMPLIANCE PROGRAM MONITORING

BELLA+CANVAS conducts regular audits of locations where our products are made and warehoused. These audits are conducted by BELLA+CANVAS staff, mandated third parties, or auditors from organizations of which we are members. Suppliers working with BELLA+CANVAS are required to accept these audits, and we require that our business partners, including contractors, suppliers, and

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<sup>1</sup> By “suppliers,” we mean any facility involved in the production of products, components and materials containing any intellectual property owned by

BELLA+CANVAS anywhere in the world, including licensed products.



agents, uphold the same and collaborate with auditors. At time of publication, our social compliance monitoring visits and resulting color-coded ratings apply to facilities conducting cutting or sewing operations. However, as all facilities involved in manufacturing our products are subject to our Workplace Code of Conduct, including but not limited to warehouses, dye houses, laundries, and mills, we reserve the right to conduct social compliance audits or investigations, should we deem necessary.

We recognize that noncompliance with our Workplace Code of Conduct may occur, and we commit to working with our business partners to resolve challenging issues and realize continuous improvement. However, if we find that a supplier is unwilling to remediate noncompliance with our Workplace Code of Conduct or if a Zero Tolerance violation occurs, we reserve the right to exact penalties up to and including termination of our business relationship.

## BELLA+CANVAS WORKPLACE CODE OF CONDUCT

**Employment Relationship:** In our owned operations, BELLA+CANVAS complies with all rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations. We expect adoption of and adherence to the same standards by all of our business partners, such as contractors, suppliers, or agents.

**Nondiscrimination:** The diversity of our employees and our business partners' employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment. BELLA+CANVAS does not engage, support or tolerate discrimination - any unfair treatment or arbitrary distinction - in employment practices such as recruitment,

promotion, access to training, remuneration, allocation of work, termination of employment, retirement, general treatment in the workplace based on a person's race, sex, gender identity, religion, nationality, marital status, ethnic origin, caste, sexual orientation, disability, diseases, pregnancy, age, language, social origin or other status, migration status, membership in worker organizations including unions, political affiliation or any other personal characteristics or protected class under applicable federal, state, and local laws.

**Harassment or Abuse:** In our owned operations and in the operations of any business partner involved in manufacturing BELLA+CANVAS products, every employee shall be treated with respect and dignity. No employee shall be subject to any violence, including gender-based violence, bullying, physical, sexual, psychological, or verbal harassment, or abuse of authority in any form.

**Forced Labor:** Prison, indentured, bonded, involuntary, slave labor or labor obtained through human trafficking shall not be used in our owned operations and in the operations of any business partner involved in manufacturing BELLA+CANVAS products.

**Child Labor:** No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher in our owned operations and in the operations of any business partner involved in manufacturing BELLA+CANVAS products.

**Freedom of Association and Collective Bargain:** At BELLA+CANVAS we recognize and respect the right of employees to freedom of association and collective bargaining in our own operations and at those of our business partners, including contractors, supplier, and agents.

**Health, Safety and Environment:** BELLA+CANVAS and our business partners, including contractors, suppliers, and agents, shall provide safe and healthy workplace settings

to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of operations at our respective facilities. BELLA+CANVAS and our business partners shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.

**Hours of Work:** BELLA+CANVAS and our business partners, including contractors, suppliers, and agents, shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. We shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. We shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.

**Compensation:** At BELLA+CANVAS, we believe that every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. We commit to paying at least the minimum wage or the appropriate prevailing wage, whichever is higher, complying with all legal requirements on wages, and providing any fringe benefits required by law or contract, and we expect our business partners, including contractors, suppliers, and agents, to uphold the same standards. Where compensation does not meet workers' basic needs and provide some discretionary income, our suppliers shall work with BELLA+CANVAS to take appropriate actions that seek to progressively realize a level of compensation that does.

**Access:** For the purpose of monitoring compliance with our policies, BELLA+CANVAS's business partners, including contractors, suppliers, and agents, as well as their

subcontractors and agents shall grant BELLA+CANVAS unrestricted access to all production facilities and dormitories and to all relevant records, whether or not notice is provided in advance.

**Subcontracting:** BELLA+CANVAS requires all suppliers and subcontractors to fully comply with its Code of Conduct. BELLA+CANVAS does not allow unauthorized subcontracting. A formal request shall be submitted to BELLA+CANVAS for approval, should a supplier require subcontracting.

**Customs Compliance:** Facilities will comply with applicable customs laws, and in particular, will establish and maintain programs to comply with customs laws regarding illegal transshipment of finished products. Facilities will ensure that all merchandise is accurately marked or labeled in compliance with all applicable laws. In addition, facilities will keep records for all materials and orders, as well as maintain detailed production records.

**Security:** Facilities will maintain facility security procedures to guard against the introduction of non-manifested cargo into outbound shipments (i.e., drugs, explosives biohazards and/or other contraband). Facilities will ensure adequate controls are in place to safeguard against introduction of any non-manifested cargo. In this regard, WRAP recognizes the United States Customs and Border Protection (CBP)'s C-TPAT Guidelines for Foreign Manufacturers as a best practice program and has adopted those guidelines under this Principle.

## International and national standards

All facilities contributing to the production of BELLA+CANVAS are required to respect and implement all the requirements of the above Workplace Code of Conduct or its equivalent and the norms and benchmarks which underpin them such as:

**I) Fundamental international labor standards as defined by the ILO Declaration on Fundamental Principles and Rights at Work and its follow-up, referred to as the “eleven fundamental instruments”<sup>2</sup>**

- C87, Freedom of Association and Protection of the Right to Organize Convention, 1948
- C98, Right to Organize and Collective Bargaining Convention, 1949
- C29, Forced Labor Convention, 1930 (and its 2014 Protocol)
- C105, Abolition of Forced Labor Convention, 1957
- C138, Minimum Age Convention, 1973
- C182, Worst Forms of Child Labor Convention, 1999
- C100, Equal Remuneration Convention, 1951
- C111, Discrimination (Employment and Occupation) Convention, 1958
- C 155, Occupational Health and Safety Convention, 1981
- C187, Promotional Framework for Occupational Safety and Health Convention, 2006

**II) Other applicable international labor standards, including those below**

- The ILO Decent Work objective
- C1, Hours of Work (Industry) Convention, 1919
- C14, Weekly Rest (Industry) Convention, 1921
- C95, Protection of Wages Convention, 1949

- C131, Minimum Wage Fixing Convention, 1970
- C135, Workers' Representatives Convention, 1971
- C161, Occupational Health Services Convention, 1985
- R85, Protection of Wages Recommendation, 1949
- R116, Reduction of Hours of Work Recommendation, 1962
- R135, Minimum Wage Fixing Recommendation, 1970
- R164, Occupational Safety and Health Recommendation, 1981
- R184, Home Work Recommendation, 1996
- R190, Worst Forms of Child Labor Convention Recommendation, 1999

**III) Other key international instruments and guidance**

- The Universal Declaration of Human Rights
- The International Covenant on Civil and Political Rights
- The International Covenant on Economic, Social and Cultural Rights
- The UN Guiding Principles on Business and Human Rights; and
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector

**IV) Applicable national and/ or local legislation**

In all instances, the international labor standard, national and/or local legislation, or BELLA+CANVAS Workplace Code of Conduct

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<sup>2</sup><https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>

requirement which affords the highest level of protection for workers shall apply.

The provisions of the BELLA+CANVAS Workplace Code of Conduct constitute minimum and not maximum standards. The BELLA+CANVAS Workplace Code of Conduct shall not be used to prevent international labor standards or national and/or local legislations from being exceeded.

# **Workplace Code of Conduct Compliance Guidelines**

# A management systems approach

Upholding compliance with BELLA+CANVAS standards cannot be achieved as simply a one-time effort. A company must establish and maintain Internal Management Systems (IMS) that drive social and environmental compliance, just as for any other business operation, in order to create long-term and *sustainable* compliance.

## WHAT DO WE MEAN BY INTERNAL MANAGEMENT SYSTEMS (IMS)?

An IMS is a formal program designed (1) to help prevent, detect, and remedy violations of labor standards within a supply chain, including domestic laws and standards, international labor standards, and human rights and environmental laws and standards and (2) to identify best existing practices to ensure that BELLA+CANVAS continuously improves working conditions at their own factories, at suppliers' factories, and within the local environment of each.

According to the FLA, an IMS includes seven critical steps that are all interconnected:

1. Policy & Procedures
2. Responsibility & Accountability
3. Training
4. Implementation
5. Communication & Worker Involvement
6. Documentation
7. Review Process

These critical steps are explained below, each followed by an example related to social or environmental compliance.

### 1. Policies & Procedures

These materials comprise the company's formal documentation for consistently addressing its stance, standards, and methods on particular issues. Policies and procedures are printed within handbooks or on posters, or they may be electronically filed.

A policy will provide a clear statement of the company's stance on an issue, the purpose or context for which the company is making the statement, the scope which the company will cover with its policy, the responsible individual(s) or teams that will implement the policy, and any definitions that must be clarified in order to ensure consistent application of the policy.

Procedures may be included within a policy as steps for implementing that policy, or they may stand as separate documents. They may be referred to as "Standard Operating Procedures (SOPs)."

Example: A Policy & Procedure related to social compliance is the "BELLA+CANVAS Remediation Protocol." (See Appendix "Remediation Protocol.") The Policy is stated clearly with context, definitions, and standards. The "Remediation Protocol" serves as a Standard Operating Procedure (SOP) so that any potential findings would be remediated effectively and consistently.

### 2. Responsibility & Accountability

Implementing any policy or procedure requires that specific staff members are identified to oversee the policy and ensure that it is implemented. Such individuals must be held accountable for this role, and such accountability can be measured by performance metrics and addressed, at minimum, during performance reviews.



*Example: Responsibility & Accountability is identified in the “BELLA+CANVAS Forced Labor Policy,” where the Human Resources Department is directed to ensure that the policy is upheld. Job descriptions and performance metrics for Human Resources leaders would address their particular responsibilities and how they would be held accountable for ensuring implementation of the policy.*

### 3. Training

All relevant staff must be trained on policy topics. Trainings typically occur upon onboarding, when policies are updated, and through annual refreshers, but depending on the policy, such cadences may vary.

Example: Training is how workers are educated about the “BELLA+CANVAS Workplace Code of Conduct” when they are hired, when it is updated, and again annually. Trainings are most effective when participants’ knowledge is evaluated before and after the sessions, so that trainers can tell how well participants understand the training and what follow-up may be necessary.

Example: Social compliance trainings may cover a range of topics, from a general overview of the Workplace Code of Conduct to a specific issue, such as how educating supervisors about refraining from imposing overtime on workers who have not voluntarily applied.

### 4. Implementation

This is where a policy is made operational. Day-to-day business conduct in line with a particular policy demonstrates appropriate implementation.

Example: Implementation of the BELLA+CANVAS Workplace Code of Conduct happens when management and workers understand and work in a manner that the policy dictates. With regard to the policy’s Nondiscrimination clause, implementation is when no employee is ever

*discriminated against in recruitment, promotion, remuneration, or other aspects of work.*

### 5. Communication & Worker Involvement

This addresses how policies are developed, further informed, and disseminated.

Communication of a policy may happen through an email distribution, a company meeting, a breakroom bulletin board. Typically, multiple forms of communication should be used to broadcast a policy to ensure staff are aware of it. Whatever the chosen format, it is critical to ensure that workers can fully understand what is being communicated so particular attention should be paid to the form of communication and the language(s) used.

Worker Involvement allows for policies or procedures to be developed or commented upon by the workers they impact. This may include individual workers, union representatives, or other groups representing workers who contribute to co-create a policy, comment on drafts of a new policy or provide feedback on a policy through suggestion boxes or other grievance mechanisms.

*Example: Communication & Worker Involvement is posting a Shift Scheduling Policy and including workers or their representatives to inform how an equitable scheduling process could be formalized.*

### 6. Documentation

Documentation refers to the organized filing of formal, written policies and their implementation. All the steps described above need to be documented: policies and related procedures, training sessions, responsible staff members’ roles, responsibilities and performance evaluations, any remediation efforts, and other relevant activities.

Example: Documentation, in the case of the BELLA+CANVAS Workplace Code of Conduct, includes (a) the BELLA+CANVAS Workplace Code of

*Conduct filed and posted, (b) training session sign-in sheets, PowerPoint decks, and pre- and post-training surveys from training sessions, (c) social compliance audit reports, and (d) organized and filed corrective action plans and evidence addressing remediation of social compliance audit findings.*

## **7. Review Process**

All policies and procedures must be reviewed on a regular basis and updated as legally or operationally necessary. At minimum, policies and procedures should be reviewed annually by a management or technical lead. Updates to policies or procedures should be documented in the history log of the respective document or otherwise clearly with a new date and version number.

*Example: A review process could involve Legal Counsel reviewing the Forced Labor Policy, one year after the policy was launched, updating the policy to reflect regulatory developments, and indicating the revision as “Version 2” with the relevant date.*

## **WHAT DOES THIS MEAN FOR BELLA+CANVAS’ OWN FACILITIES, JOINT VENTURES OF WHICH WE ARE A PARTY, AND SUPPLIERS’ FACILITIES?**

By working together in establishing strong internal management systems, we can aim to achieve greater workforce stability, operations’ efficiency and costs management by:

- Reducing risks to workers by providing safe and healthy working conditions which can also help minimizing costs generated by absenteeism, work accidents and professional illnesses,

- Integrating the management of labor risks with existing relevant management systems and controls (such as quality management, and production management),
- Anticipating and preventing problems and their recurrence,
- Enabling speedy and effective correction of problems,
- Enhancing levels of compliance, resulting in reduction of duplicative audits and associated costs,
- Improving Suppliers’ long-term relationships with buyers and investors and enhancing their competitiveness and market access,
- Improving workforce loyalty and the ability to attract and retain skilled workers, and
- Enhancing productivity and quality through improved worker-management relationships and co-operation.

## **WHAT DOES THIS MEAN FOR THE WORKFORCES?**

Establishing a strong foundation on which to develop and grow aims to:

- Improve working environment,
- Reduce risks of injury,
- Improve social conditions and better social dialogue,
- Raise greater awareness and understanding of workers’ rights and obligations at work,
- Enhanced worker-management relationships through better understanding of the organization and its strategy,
- Provide workers with access to independent grievance mechanisms,
- Improve quality of employment,
- Access to adequate training and skills development, and

- Improve morale and retention.

# Code elements and related compliance guidelines

At BELLA+CANVAS, we are committed to acting in a socially responsible way, and we want to ensure that our products are made in decent working conditions respectful of the environment. As a member of the Fair Labor Association (FLA) and as a supplier of choice for customers with Corporate Responsibility / Sustainability requirements, we want to ensure that our products are made in decent working conditions respectful of the environment.

Our Workplace Standards, including our Workplace Code of Conduct supported by Compliance Guidelines, apply to all facilities producing our products; that includes our owned facilities, joint ventures of which we are a party, and those of our contract manufacturing partners. These Standards detail clear rules of conduct, wages and benefits, freedom of association, prohibition of excessive overtime, forced and child labor, protection against harassment and discrimination, and environmentally sound, safe, and healthy working conditions.

The Compliance Guidelines present a detailed and measurable means of fulfilling each respective Code Element and policy. Not only do the Compliance Guidelines address issues that may be visible to an auditor on the factory floor, but they also address management systems that combine toward fostering sustainable compliance with our standards. In order to implement our Workplace Code of Conduct, in a

long-term and *sustainable* manner, a company must develop or otherwise conduct critical steps, from formalizing policies and procedures, to identifying staff responsibilities, to training employees, through reviewing such steps regularly. These and other necessary actions are detailed in this manual under the section heading “A Management Systems Approach.”

BELLA+CANVAS Compliance Guidelines are drawn primarily and directly from the FLA Code Benchmarks and slightly edited for consistency, ease of reference, and additional comprehensiveness. Our intent is that if a manufacturer complies with the BELLA+CANVAS Compliance Guidelines, then they will be in compliance with the FLA Code Benchmarks. The exact FLA Code Benchmarks can be found at the following link:

<https://www.fairlabor.org/wp-content/uploads/2023/11/Code-of-Conduct-and-Compliance-Benchmarks-Updated-October-2023.pdf>

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# Employment relationship

## INTRODUCTION

The employment relationship is the legal link between employers and employees. It exists when a person performs work or services under certain conditions in return for remuneration. International Labor Organization (ILO) Recommendation R198 (2006) covers this topic.

It is through the employment relationship, however defined, that reciprocal rights and obligations are created between the employee and the employer. It has been, and continues to be, the main vehicle through which workers gain access to the rights and benefits associated with employment in the areas of labor law and social security. The existence of an employment relationship is the condition that determines the

application of the labor and social security law provisions addressed to employees. It is the key point of reference for determining the nature and extent of employers' rights and obligations towards their workers.

The issue has become more and more important because of the increasingly widespread phenomenon of dependent workers who lack protection as a result of one or a combination of the following factors:

- the scope of the law is too narrow or it is too narrowly interpreted,
- the law is poorly or ambiguously formulated so that its scope is unclear,
- the employment relationship is disguise,
- the relationship is objectively ambiguous, giving rise to doubt as to whether or not an employment relationship really exists,
- the employment relationship clearly exists although it is not clear who the employer is, what rights the worker has, and who is responsible for them, and
- lack of compliance and enforcement.<sup>3</sup>

## CODE ELEMENT

In our owned operations and joint ventures of which we are a party, BELLA+CANVAS complies with all rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations. We expect adoption of and adherence to the same standards by all of our business partners, such as contractors, suppliers, or agents.

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<sup>3</sup>[http://www.ilo.int/ifpdial/areas-of-work/labour-law/WCMS\\_CON\\_TXT\\_IFPDIAL\\_EMPREL\\_EN/lang-en/index.htm](http://www.ilo.int/ifpdial/areas-of-work/labour-law/WCMS_CON_TXT_IFPDIAL_EMPREL_EN/lang-en/index.htm)



## COMPLIANCE GUIDELINES

### Employment Relationship: Employment Management Systems

#### ER.1 – Employment Management Systems/ Human Resources

ER.1.1 – Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.

ER.1.2 – Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.

ER.1.3 – Employers should implement an annual review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the BELLA+CANVAS Code of Conduct.

#### ER.2 – Employment Management Systems/ Special Categories of Workers

Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, probationary workers, home workers, pregnant or disabled workers, are implemented. Where local laws and BELLA+CANVAS standards differ, the Employer is expected to follow the highest applicable standard.

#### ER.3 Employment Management Systems/ New Employee Orientation

ER.3.1 – Employers shall provide an orientation to new employees at the time of hiring, which includes explanations of the Employers' rules, compensation package and policies for human resources, grievance systems, industrial relations, including respect of the right to freedom of association, workers' rights and responsibilities, BELLA+CANVAS Code of Conduct, health and safety, and environmental protection.

ER.3.2 – Training should be updated on a regular basis, and in particular, when any policies and procedures are revised.

ER.3.3 – Workers should be provided with written documentation that substantiates all the issues covered in orientation briefings.

#### ER.4 – Employment Management Systems/ Communication

Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, the BELLA+CANVAS Code of Conduct, and the FLA Workplace Code, through appropriate means, including posted in local language(s) throughout the workplace's common areas.

#### ER.5 – Employment Management Systems/ Supervisor Training

ER.5.1 – Employers shall ensure that all supervisors are trained in national laws, workplace regulations, the BELLA+CANVAS Code of Conduct, workplace grievance systems, and the appropriate practices to ensure compliance.

ER.5.2 – Employers shall inform supervisors that they should not use any form of harassment or abuse to maintain labor discipline.

ER.5.3 – Trainings should be updated on a regular basis.

### **ER.6 – Employment Management Systems/ Skills Development Training**

ER.6.1 – Employers shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.

ER.6.2 – The policies and procedures should include how workers will be informed of training opportunities, eligibility requirement for participation, if the training will be compulsory or voluntary, if it will take place during or after working hours, and if the training time will be compensated.

### **ER.7 – Employment Management Systems/ Performance Reviews**

ER.7.1 – Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirement.

ER.7.2 – The performance review process should be communicated to the workforce and reviewed regularly.

### **ER.8 – Employment Management Systems/ Promotion, Demotion and Job Reassignment**

Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that (1) outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, (2) are provided in writing and seek

feedback from employees in writing, and (3) follow all local legal requirements.

## **Employment Relationship: Recruitment and Hiring**

### **ER.9 – Recruitment and Hiring/Contract, Contingent or Temporary Workers**

ER.9.1 – Employers shall hire contract/contingent/temporary workers only if such hiring is consistent with the national law of the country of production.

ER.9.2 – Employers shall have in place written policies and procedures regulating the recruitment and hiring of contract/contingent/temporary workers.

ER.9.3 – Contract/contingent/temporary workers shall only be hired if one of the following conditions is met: (1) the permanent workforce of the enterprise is not sufficient to meet unexpected or unusually large volume of orders; (2) exceptional circumstances may result in great financial loss to the supplier if delivery of goods cannot be met on time; or (3) work that needs to be done is outside the professional expertise of the permanent workforce.

### **ER.10 – Recruitment and Hiring / Invalid Use of Contract, Contingent or Temporary Workers**

Employers shall not:

ER10.1 – Hire contract/contingent/temporary workers as a means to support continuing business needs on a long-term; or

ER10.2 – Renew contracts for multiple successive short terms in lieu of providing regular employment.

### **ER.11 – Recruitment and Hiring / Terms for Contract, Contingent, Migrant, or Temporary Workers**

Employers must ensure the following minimum terms and conditions are met in the employment

of contract/contingent/migrant/ temporary workers:

ER.11.1 – The Employer defines the job functions or tasks that contract/ contingent/ migrant/ temporary workers are hired to perform and maintains information on the use of contract/ contingent/ migrant/ temporary workers in relation to production needs.

ER.11.2 - Contract/ contingent/ migrant/ temporary workers shall be provided an employment agreement in their native language setting out the employment terms and conditions. For migrant workers, a copy of their employment contract in their native language should be provided prior to departure from their country of origin.

ER.11.3 – Workplace rules and regulations apply to contract/ contingent/ migrant/ temporary workers the same as for permanent workers.

ER.11.4 – National laws governing contract/contingent/migrant/temporary workers are observed.

ER.11.5 – Personnel files and all relevant employment information for contract/ contingent/ migrant/ temporary workers are maintained and accessible at the workplace site, at all times.

ER.11.6 – Contract/ contingent/ migrant/ temporary workers who are hired on more than one occasion for seasonal production and specialization sign a separate contract for each new hire event. The workplace retains all relevant information in each worker's personnel file; and

ER.11.7 – Contract/ contingent/ migrant/ temporary workers are given priority when the enterprise is seeking 'new' permanent employees.

## **ER.12 – Recruitment and Hiring / Terms and Conditions/Contract, Contingent or Temporary Worker to Permanent Employee**

For any contract/contingent/temporary worker who becomes a permanent employee, seniority and other benefits eligibility must be dated from the first date as a contract/contingent/temporary worker and not from the first day of permanent employment.

## **ER.13 Recruitment and Hiring / Apprenticeships and Vocational Training**

ER.13.1 – Employers shall comply with all regulations and requirements of apprentice or vocational education programs and shall be able to document to monitors that these are legally recognized programs. Informal arrangements of any kind are not acceptable.

ER.13.2 – Apprentice and vocational training programs shall be reserved exclusively for workers who lack necessary training or experience and therefore cannot yet be hired as regular workers.

ER.13.3 – Apprentice and vocational training programs shall be subject to workplace conditions as set by the BELLA+CANVAS Code of Conduct and national laws and regulations.

## **ER.14 – Recruitment and Hiring/Employers Agreement with Employment Agencies**

ER.14.1 – Employers shall use standard contract language with employment agencies that specifically imparts power to Employers to directly pay wages to migrant/contract/ contingent/temporary workers and ensures equality of compensation and workplace standards as set under the BELLA+CANVAS Code of Conduct, the FLA Workplace Code, and national laws and regulations.

ER.14.2 – Employers shall use standard contract language with employment agencies or intermediaries that specifically prohibits practices that restrict any worker's freedom of movement or ability to terminate their own employment.

## Employment Relationship: Termination and Retrenchment

### ER.15 – Termination and Retrenchment / Termination Payouts

ER.15.1 – Employers shall have in place a procedure for determining termination payouts, including methods for correct assessment of payouts for all modes of termination/retranchment, taking into account national legal requirements.

ER.15.2 – Employers shall establish channels for workers to confidentially express any concerns or problems they may be experiencing around legally owed payment during a retranchment process.

ER.15.3 – Employers shall not demand that workers sign any declaration of good health, waivers or releases of other rights as a condition of receiving severance pay or other legal benefits from the company and shall not threaten to withhold benefits if workers do not sign.

ER.15.4 – Upon termination, severance shall be based upon the worker's current salary and seniority as calculated from the initial date of hire. Where Employers provide advance termination payouts as allowed by law, these amounts may be subtracted from the final severance payment but must be included as itemized deductions in the final severance calculation.

ER.15.5 – Where Employers provide annual indemnization, original contracts should remain without being terminated.

### ER.16 – Termination and Retrenchment / Policies and Procedures

ER.16.1 – Employers shall maintain proper and accurate records in relation to termination and retranchment.

ER.16.2 – When Employers are faced with major changes in production, program, organization,

structure, or technology and those changes are likely to result in temporary or permanent layoffs, employers shall communicate any alternatives to retranchment that have been considered and consult any workers' representatives as early as possible with a view to averting or minimizing layoffs.

ER.16.3 – Where temporary or permanent layoffs are unavoidable, a plan should be developed and implemented that mitigates the adverse effects of such changes on workers and their communities.

ER.16.4 – The plan should be clearly communicated and posted and include feedback channels for workers to ask questions and provide feedback.

ER.16.5 – Employers shall give retrrenched workers opportunity to transfer to other owned facilities in the country at a comparable wage and make all efforts to facilitate re-employment in other enterprises in the country.

## Employment Relationship: Grievance System

### ER.17 – Grievance System / Worker- Management Communication

ER.17.1 – Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, workers' committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives. (Further examples and guidelines are provided in the *Grievance Mechanisms* section in this Manual.)

ER.17.2 – There shall be a mechanism that allows workers to report harassment and grievances confidentially, including any concerns or problems they may be experiencing around

legally owed payments during a retrenchment process.

ER.17.3 – Employers shall have in place written procedures that allow a direct settlement of the grievance by the worker and the immediate supervisor. Where this is inappropriate or has failed, there should be additional options for senior management review and consideration, depending on the nature of the grievance and the structure and size of the enterprise.

ER.17.4 – Employers shall ensure that the grievance procedures and applicable rules are known to workers, and that workers are fully trained on their use.

ER.17.5 – Employers shall have in place procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.

ER.17.6 – Employers shall have a system in place to prevent retaliation against or discrimination towards workers who are filing grievances, including grievances regarding harassment, abuse, violations of factory procedures, compensation, or unsafe working conditions.

## **Employment Relationship: Workplace Conduct and Discipline**

### **ER.18 – Workplace Conduct and Discipline / General Principles**

ER.18.1 – Employers shall have written disciplinary rules, procedures and practices that comprise a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination), such that (1) the disciplinary system shall be applied in a fair and non-discriminatory manner and include a management review of the actions by someone senior to the manager who imposed the disciplinary action, and (2) employers shall

maintain written records of all disciplinary actions taken.

ER.18.2 – Employers shall ensure managers and supervisors are fully familiar with the workplace disciplinary system and in applying appropriate disciplinary practices.

ER.18.3 – Workplace rules, policies, and disciplinary procedures and practices shall be clearly communicated to all workers in the language(s) spoken by workers. Any exceptions to this system (e.g. immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers, including: (1) workers must be informed when a disciplinary procedure has been initiated against them, (2) workers have the right to participate and be heard in any disciplinary procedure against them, (3) workers must sign all written records of disciplinary action against them, and (4) records of disciplinary action must be maintained in the worker's personnel file.

ER.18.4 – The disciplinary system shall include a third-party witness during imposition, and an appeal process.

ER.18.5 – Employers shall inform workers that any form of harassment or abuse in the workplace shall be subject to disciplinary measures.

ER.18.6 – The workplace shall commit to non-retaliation for all steps of the disciplinary process, including for a worker requesting a witness and filing an appeal of disciplinary action.

## **Employment Relationship: General Compliance**

### **ER.19 – General/Documentation and Inspection**

ER.19.1 – Employers shall maintain on file all documentation needed to demonstrate compliance with the BELLA+CANVAS Code of

Conduct, FLA Workplace Code, and required laws. Employers shall make these documents available to third-party assessors commissioned by BELLA+CANVAS or its associates and shall submit to inspections without prior notice.

ER.19.2 – All notices that are legally required to be posted in the workplace work areas shall be posted by Employers.

## Must-Have Documentation

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- Copies of national and local labor codes, health and safety regulations, and environmental requirements
- Employee handbook (terms and conditions of employment)
- Collective Bargaining Agreements (CBA)
- Records of trainings for managers, supervisor, and workers (training attendance logs, content, quizzes, etc.)
- Personnel files that include employment contract and copies of identification
- Disciplinary system
- Records of disciplinary notices
- Retrenchment procedure
- Grievance procedure
- Records of reported grievances with management response
- Retrenchment materials (policy, procedures, and any documentation related to retrenchments or furloughs within the last three years)
- Insurance, tax and other required receipts





# Non-discrimination

## INTRODUCTION

Hundreds of millions of people suffer from discrimination in the world of work. This not only violates a most basic human right but has wider social and economic consequences.

Discrimination stifles opportunities, wasting the human talent needed for economic progress, and accentuates social tensions and inequalities. Combating discrimination is an essential part of

promoting decent work, and success on this front is felt well beyond the workplace.<sup>4</sup> The topic of discrimination is covered in the following ILO instruments:

- ILO C100 – Equal Remuneration Convention (1951),<sup>5</sup>
- ILO C111 – Discrimination – Employment and Occupation Convention (1958),<sup>6</sup> and
- Various related conventions and recommendations.

## CODE ELEMENT

The diversity of our employees and our business partners' employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment. BELLA+CANVAS does not engage, support or tolerate discrimination – any unfair treatment or arbitrary distinction – in employment practices such as recruitment, promotion, access to training, remuneration, allocation of work, termination of employment, retirement, general treatment in the workplace based on a person's race, sex, gender identity, religion, nationality, marital status, ethnic origin, caste, sexual orientation, disability, diseases, pregnancy, age, language, social origin or other status, migration status, membership in worker organizations including unions, political affiliation or any other personal characteristics or protected class under applicable federal, state, and local laws.

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<sup>4</sup> ILO Topics: "Equality and Discrimination," <https://www.ilo.org/global/topics/equality-and-discrimination/lang-en/index.htm>

<sup>5</sup>[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C100:NO](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C100:NO)

<sup>6</sup>[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C111:NO](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C111:NO)

## COMPLIANCE GUIDELINES

### ND.1 – General Compliance Non-discrimination

ND.1.1 – Employers, employment agencies, and intermediaries shall comply with all national laws, regulations and procedures concerning non-discrimination. Where local laws and BELLA+CANVAS standards differ, the Employer, employment agency, and/or intermediary is expected to follow the highest applicable standard.

ND.1.2 – If not provided by law, Employers must provide protection to workers who allege discrimination in any form, including recruitment and employment practices, compensation, marital, or health status.

### ND.2 – Employment Decisions

ND.2.1 – All employment decisions shall be made solely on the basis of a person's qualifications, in terms of education, training, experience, demonstrated skills and/or abilities, as they relate to the inherent requirements of a particular job.

ND.2.2 – Employment decisions shall not be made on the basis of gender, race, religion, age, sexual orientation, nationality, political opinion, social group, ethnic origin, marital status, or union affiliation or sympathy.

### ND.3 – Job Advertisements, Job Descriptions and Evaluation Policies

Recruitment and employment policies and practices, including job advertisements, job descriptions, and job performance/evaluation policies and practices shall be free from any type of discriminatory bias.

### ND.4 – Disclosure of Personal Information

Employers may not request the disclosure of any personal, non-job-related information during the application, recruitment, or hiring process; including, but not limited to, gender, race,

religion, disability, sexual orientation, nationality, political opinion, social group, ethnic origin, or marital status.

### ND.5 – Compensation Discrimination

There shall be no differences in compensation for workers for work of equal value on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

### ND.6 – Marital, Partnership, or Family Discrimination

ND.6.1 – Employers shall not discriminate on the basis of marital, partnership, or family status.

ND.6.2 – Employers shall not threaten workers with dismissal or any other employment decision that negatively affects their employment status in order to prevent them from changing their marital, partnership, or family status (including getting married or becoming pregnant.)

ND.6.3 – Employers shall not, on the basis of a worker's marital, partnership, or family status (including pregnancy), make any employment decisions that negatively affect employment status, including decisions concerning dismissal, demotion, loss of seniority, or deduction of wage.

### ND.7 - Pregnancy Testing

ND.7.1 – Employers shall not use pregnancy tests or the use of contraception as a condition of hiring or of continued employment.

ND.7.2 – Employers shall not under any circumstances use pregnancy tests or the use of contraception in their hiring or employment decisions, even in cases where pregnancy tests are required by national law.

### ND.8 – Protection and Accommodation of Pregnant Workers and New Mothers

Employers shall abide by all protective provisions in national laws and regulations benefitting pregnant workers and new mothers, including

provisions concerning maternity leave and other benefits; prohibitions regarding night work, temporary reassignments away from work stations and work environments that may pose a risk to the health of pregnant women and their unborn children or new mothers and their new born children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities.

ND 8.1 – Where such legal protective provisions are lacking, Employers shall take all necessary measures to ensure the safety and health of pregnant women and their unborn children.

ND 8.2 – Where legal protective provisions are lacking, Employers shall, at minimum provide paid leave for regular pre-natal and post-natal doctor visits as well as breast-feeding breaks.

#### **ND.9 - Health-Related Discrimination**

Employers shall not, on the basis of a person's health status, make any employment decisions that negatively affect the persons employment status, including decisions concerning recruitment, termination, promotion, or assignment of work, unless such decision is dictated by the inherent requirements of the job or a medical necessity to protect the worker and/or other workers.

#### **ND.10 – Medical Examination**

Employers are allowed to require routine medical examination to assess general fitness as a condition for recruitment or continued employment but shall not include testing for any disease or illness, such as HIV/AIDS, that does not have an immediate effect on a person's fitness and is not contagious.

#### **ND.11 – Confidentiality of Health Status**

Employers shall respect the confidentiality of workers' health status and not undertake any action that could lead to a breach of said confidentiality, including screening, whether by

direct or indirect testing (for instance, by making an assessment of risk behavior), or asking questions about previously taken tests or medications.

#### **ND.12 – Reasonable Accommodation for Health Reasons**

Employers shall take measures to reasonably accommodate workers with (chronic) illnesses, including HIV/AIDS-related illnesses, which could include rearrangement of working time, the provision of special equipment, opportunities for rest breaks, time-off for medical appointments, flexible sick leave, part-time work and return-to-work arrangements.

#### **ND.13 - Reasonable Accommodation, Modifications, and Adjustments**

ND.13.1 – Employers shall make all reasonable modifications and adjustments to accommodate specific religious, ethnic, gender, and disability-based needs of all workers within the workplace as well as within any employer-provided facilities such as dormitories or transportation.

ND.13.2 – Workers shall not be required to reimburse the factory for the cost of these accommodations.

#### **ND.14 – Dress Codes and Uniforms**

ND.14.1 – Employers shall not impose any discriminatory restrictions on the dress or appearance of workers.

ND.14.2 – In cases where the workplace requires uniforms or other specific clothing, accommodations shall be made for religious practice or disability.

ND.14.3 – In cases where a workplace dress code is in place, the dress code shall not discriminate against or set different standards for ethnic or cultural groups.

#### **ND.15 – Spoken Languages**

ND.15.1 – Employers shall not require specific languages to be spoken in the work environment, nor shall they prohibit the use of any languages among workers.

ND.15.2 – Employers shall make every reasonable effort to communicate to workers in their native language.

### Must-Have Documentation

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- All employment agreements or contracts
- Training records on non-discrimination
- Non-discrimination policy and procedure
- Records of any grievances (and their resolution) relating to the implementation of your non-discrimination policies
- Employment applications
- Interview and skills tests forms, even when a candidate is rejected
- Performance evaluations, which should be signed by the worker and manager/supervisor
- Medical records (where permitted by law)
- Termination notices and records of disciplinary actions
- Maternity leave register, if required by law
- Other documents required by law



## Harassment or abuse

### INTRODUCTION

Workplace harassment exists throughout all types of workplaces all over the world. Some of the most common types of harassment are verbal and psychological. Some take more serious forms, such as physical and sexual harassment. (Specific types of harassment and abuse are detailed in the Appendix “Definitions.”) Regardless of the type of harassment, workplace harassment is illegal and not only affects an employee’s productivity, comfort, and safety at work, but also put the company in legal jeopardy.

Harassment and abuse are not always easy to detect or report. Many victims of workplace harassment think they would recognize harassment and report it to those in charge, but harassment often leaves them in an uncomfortable and confusing predicament. Therefore, it is important to understand workplace harassment so as to avoid hostile work environments at facilities.

Harassment is covered by ILO C190 – Violence and Harassment (2021).

### CODE ELEMENT

In our owned operations, joint ventures of which we are a party, and in the operations of any business partner involved in manufacturing BELLA+CANVAS products, every employee shall be treated with respect and dignity. No employee shall be subject to any violence, including gender-based violence, bullying, physical, sexual, psychological, or verbal harassment, or abuse of authority in any form.

### COMPLIANCE GUIDELINES

#### H/A.1 - General Compliance Harassment or Abuse

H/A.1.1 - Employers shall comply with all national laws, regulations and procedures concerning discipline, violence, harassment and abuse, including that which is gender-based.

H/A.1.2 - If not provided under law, Employers must provide protection to workers who allege harassment or abuse violations.

H/A.1.3 - If not provided under law, Employers must provide protection to workers who are victims of domestic violence.

#### H/A.2 - Discipline / Monetary Fines and Penalties

Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance, for broken or lost tools/machinery, or for violating company rules, regulations, and policies.

#### H/A.3 - Discipline / Access to Facilities

Access to food, water, toilets, medical care or health clinics or other basic necessities shall not

be used as either reward or as a means to maintain labor discipline.

**H/A.4 - Discipline / Physical Abuse**

Employers shall not use any form of – or threat of – physical violence, including slaps, pushes or other forms of physical contact as a means to maintain labor discipline.

**H/A.5 - Discipline / Verbal Abuse**

Employers shall not use any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline.

**H/A.6 - Discipline/Psychological Abuse**

Employers shall not use any form – or threat – of psychological abuse, such as forcing workers to sign letters of self-criticism or posting names of workers subject to disciplinary measures as a means to maintain labor discipline.

**H/A.7 - Discipline/Freedom of Movement**

Employers shall not restrain the freedom of movement of workers, including movement in canteens, during breaks, using toilets, accessing water, or accessing necessary medical attention, as a means to maintain labor discipline.

**H/A.8 - Elimination of Violence, Harassment and Abuse in the Workplace**

H/A.8.1 - Employers shall ensure that the workplace and all workplace facilities (such as employer-provided transportation or dormitories) are free from any type of violence, harassment or abuse, be it physical, sexual, psychological, verbal, or otherwise.

H/A.8.2 - Employers, in consultation with worker/union representatives, shall assess specific hazards and risks of harassment and abuse in the workplace, including gender-based violence. This includes risks arising from working conditions, work arrangements (such as night

shifts or other schedules,) work organization, and third parties such as recruitment agencies, contractors, or any other intermediaries.

H/A.8.3 - Employers, shall develop, implement and monitor policy and procedures for eliminating the risk of violence, harassment, and abuse in the workplace. Policies and procedures shall include a clear statement that violence, harassment, and abuse will not be tolerated, procedures for the investigation of allegations, and measures to protect any complainants, victims, and witnesses.

H/A.8.4 - Employers shall take all necessary precautions to eliminate any action (by the employer, between or among employees, or by third parties who are retained by the employer or whose work is connected with the workplace) that would result in gender-based violence and/or harassment, regardless of whether such actions occur in or outside of the workplace and/or working hours.

**H/A.9 - Sexual Harassment**

H/A.9.1 - Employers shall refrain from: (1) any act of sexual harassment, including inappropriate remark, insult, joke, insinuation, and comment on a person's dress, physique, age, family situation, etc.; (2) a condescending or paternalistic attitude with sexual implications undermining dignity; (3) any unwelcome invitation or request, implicit or explicit, whether or not accompanied by threats; (4) any lascivious look or other gesture associated with sexuality; and (5) any unnecessary physical contact such as touching, caresses, pinching or assault.

H/A.9.2 - Employers shall not offer or take any action that may suggest an offer of, recruitment, continued employment, promotion, improved working conditions, preferential work assignments or other preferential treatment in exchange for a sexual relationship.

H/A.9.3 - Employers shall not subject workers to prejudicial treatment of any kind in retaliation for



refused sexual advances or corrected inappropriate behavior.

#### **H/A.10 - Security Practices/Body Searches**

All security practices shall be gender appropriate and nonintrusive, so that the dignity of workers concerned is protected when a search is undertaken.

H/A.10.1 - Searching of bags and other personal items to prevent theft is acceptable.

H/A.10.2 - Body searches and physical pat downs shall only be undertaken when there is a specific, legitimate reason to do so and upon consent of workers, unless a state official with the power to do so (e.g., police officer) has ordered the search. Body searches shall not be undertaken in public and the person who undertakes the search shall be of the same sex as the person who is being searched.

#### **H/A.11 - Punishment of Abusive Workers/Supervisors/Managers/Workers**

Employers shall have a system to discipline supervisors, managers or workers who engage in any physical, sexual, psychological or verbal violence, harassment or abuse, through measures such as compulsory counseling, warnings, demotions, and terminations or a combination thereof regardless of whether such action was intended as a means to maintain labor discipline with a view to preventing the reoccurrence of violence and harassment, and facilitating their reintegration into work, where appropriate.

### **Must-Have Documentation**

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- Harassment and abuse policies and procedures
- Termination notices and records of disciplinary actions
- All reported grievances along with the investigation report, and resolution
- Training materials and training records (Harassment, Abuse, Workplace Violence both for management and workers)
- Wages paid to employees – verification that monetary fines are not being deducted
- Acknowledgement signed by supervisors, managers and services providers that they have received and understand harassment and abuse policies
- CCTV recording of the factory to review security searches (if applicable)
- Dormitory rules and regulations (if applicable)



# Forced labor

## INTRODUCTION

BELLA+CANVAS is committed to keeping its products free of forced labor and modern slavery.

Forced labor remains tragically common in today's world. The latest global estimate from the ILO indicates that on any given day in 2021, there were nearly 27.6 million women, children, and men trafficked, held in debt bondage, or working in slavery-like conditions. Forced labor can be imposed to adults and children, by state authorities, by private enterprises, or by individuals. It is observed in all types of economic activity, such as domestic work, construction, agriculture, manufacturing, sexual exploitation,

forced begging, etc. and in every country. Ninety percent are exploited in the private economy, and almost half of all victims have migrated internally or across borders.

In terms of the prevalence of forced labor, there were 3.5 persons in forced labor for every thousand people in the world in 2021. Women and girls accounted for nearly two of every three persons in forced labor. Children in forced labor numbered nearly 3.3 million. Children in forced labor include those whose parents themselves are in forced labor, in which case the children work with their parents or at least for the same employer, as well as those who are in forced labor on their own as a result of trafficking, deceptive recruitment, or coercive means used by their direct employer.<sup>7</sup>

**Forced labor** can be understood as work that is performed **involuntarily** and **under the menace of any penalty**. It refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities.

**According to the ILO Forced Labor Convention, 1930 (No. 29),<sup>8</sup>** forced or compulsory labor is "all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily." This definition consists of three elements:

- Work or service refers to all types of work occurring in any activity, industry or sector including in the informal economy.

<sup>7</sup> ILO Global Estimates of Modern Slavery: Forced Labor and Forced Marriage, September 2022.  
[https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---ipec/documents/publication/wcms\\_854733.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_854733.pdf)

<sup>8</sup>[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C029](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C029)

- Menace of any penalty refers to a wide range of penalties used to compel someone to work.
- Involuntariness: The terms “offered voluntarily” refer to the free and informed consent of a worker to take a job and his or her freedom to leave at any time. For example, this is not the case when an employer or recruiter makes false promises so that a worker takes a job he or she would not otherwise have accepted.

The **Abolition of Forced Labor Convention, 1957 (105)**, prohibits specifically the use of forced labor:

- as punishment for the expression of political views,
- for the purposes of economic development,
- as a means of labor discipline,
- as a punishment for participation in strikes,
- as a means of racial, religious or other discrimination.

In June 2014, governments, employers and workers at the ILO International Labor Conference (ILC) voted overwhelmingly to adopt the Protocol of 2014 to the Forced Labor Convention, 1930 and the Forced Labor (Supplementary Measures) Recommendation, 2014 (No. 203) which supplement the Forced Labor Convention, 1930 (No. 29),<sup>9</sup> and complement existing international instruments by providing specific guidance on effective measures to be taken regarding prevention,

protection and remedy to eliminate all forms of forced labor.

The ILO forced labor definition encompasses: “traditional practices of forced labor, such as vestiges of slavery or slave-like practices, and various forms of debt bondage, as well as new forms of forced labor that have emerged in recent decades, such as human trafficking”<sup>10</sup> also called “modern-slavery” to shed light on working and living conditions contrary to human dignity. Human trafficking is defined by FLA as: Recruitment, transportation, harboring, or receipt of people for the purposes of slavery, forced labor (including bonded labor or debt bondage), or servitude.<sup>11</sup>

**Forced labor is different from sub-standard or exploitative working conditions.** Various indicators can be used to ascertain when a situation amounts to forced labor, such as restrictions on workers’ freedom of movement, withholding of wages or identity documents, physical or sexual violence, threats and intimidation, or fraudulent debt from which workers cannot escape.

The **UN’s Sustainable Development Goal 8.7 (SDG)** challenges the world to eradicate forced labor and modern slavery. Finally, the **Fair Labor Association** Code of Conduct that BELLA+CANVAS commits to implement in its supply chain clearly states that:

There shall be no use of forced labor, including prison labor, indentured labor, bonded labor or other forms of forced labor.

In addition to being a serious violation of fundamental human rights and labor rights, the exaction of forced labor is a criminal offence. In **the United States**, Section 307 of the Tariff Act of

<sup>9</sup>[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:P029:NO](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:P029:NO)

<sup>10</sup> ILO, *General Survey on the fundamental Conventions concerning rights at work in light of the ILO Declaration on*

*Social Justice for a Fair Globalization*, Report of the Committee of Experts on the Application of Conventions and Recommendations, 2012, ILC.101/III/1B, para. 272.

<sup>11</sup> FLA Workplace Code of Conduct Benchmarks glossary

## Facts and figures<sup>12</sup>

- **49.6 million** people were living in modern slavery in 2021, of which **27.6 million** were in forced labor and **22 million** in forced marriage.
- Of the 27.6 million people in forced labour, **17.3 million** are exploited in the private sector; **6.3 million** in forced commercial sexual exploitation, and **3.9 million** in forced labor imposed by state.
- Women and girls account for **4.9 million** of those in forced commercial sexual exploitation, and for **6 million** of those in forced labor in other economic sectors.
- **12%** of all those in forced labor are children. **More than half** of these children are in commercial sexual exploitation.
- The Asia and the Pacific region has the highest number of people in forced labor (**15.1 million**) and the Arab States the highest prevalence (**5.3 per thousand people**).
- **Addressing decent work deficits** in the informal economy, as part of broader efforts towards economic formalization, **is a priority** for progress against forced labor.

1930 (19 U.S.C. § 1307) **prohibits the importation of merchandise mined, produced or manufactured, wholly or in part, in any foreign country by forced or indentured labor – including forced child labor. Such merchandise is subject to exclusion and/or seizure and may lead to criminal investigation of the importer(s).**

## CODE ELEMENT

Prison, indentured, bonded, involuntary, slave labor or labor obtained through human trafficking shall not be used in our owned operations, joint ventures of which we are a party, and in the operations of any business partner involved in manufacturing BELLA+CANVAS products.

## COMPLIANCE GUIDELINES

### F.1 General Compliance Forced Labor

F.1.1 – Employers, employment agencies, and intermediaries shall comply with all national laws, regulations and procedures concerning the prohibition of forced labor and human trafficking.

F.1.2 – If not provided by law, employers must provide protection to workers who allege violations of forced labor.

### F.2 – Freedom in Employment

F.2.1 – All workers shall have the right to enter into and to terminate their employment freely.

<sup>12</sup> <https://www.ilo.org/global/topics/forced-labour/lang-en/index.htm>, based on [Global Estimates of Modern Slavery](#):

[Forced Labour and Forced Marriage](#), Geneva, September 2022.

F.2.2 Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below: (1) provisions of national laws; (2) freely negotiated and valid collective bargaining agreements; or (3) the BELLA+CANVAS Workplace Code.

F.2.3 – There can be no employment terms which allow employers, employment agencies, or intermediaries: (1) to hold wages already earned; or (2) use earned back wages as penalties; and (3) in any way punishes workers for terminating employment.

### **F.3 - Debt / Bonded Labor**

F.3.1 – Employers, employment agencies, or intermediaries shall not bind workers to employment as a condition of fulfilling terms of a debt.

F.3.2 – Employers, employment agencies, or intermediaries may provide loans directly to workers only if they are a component of a larger loan program (e.g., housing or education loans) available to all workers. Lending and savings programs provided to workers by employers, employment agencies, or intermediaries must comply with all national laws and regulations for such programs.

F.3.3 – The continuance of loans may not be dependent on continued employment at the workplace, and no penalties may be assessed on the loan for workers ending employment at the workplace.

F.3.4 – Interest may not exceed the cost of administering the loan program and any tax liabilities incurred by the program, and according to legal limits.

### **F.4 – Freedom of Movement**

F.4.1 – If workplace entrances are locked or guarded to prevent nonemployee access to the premises for security reasons, workers shall have free egress at all times,

F.4.2 – No terms imposed by the employer or any employment agencies or intermediaries shall confine or restrict employees' freedom of movement or free transit.

### **F.5 – Employer Controlled Residence**

Employers shall not require, or influence, workers to live in employer-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.

### **F.6 – Freedom of Movement in Employer Controlled Residence**

The freedom of movement of workers who live in employer-owned or -controlled residences shall not be unreasonably restricted.

### **F.7 – Threat of Penalty**

Employers shall not utilize, nor shall they use employment agencies or intermediaries that utilize, practices that restrict any worker's freedom of movement, ability to terminate their employment, or that create a threat of penalty. Examples of such practices include but are not limited to: (1) (the threat of) physical or mental coercion; (2) requiring deposits; (3) imposing financial penalties; (4) requiring workers to pay recruitment and/or employment fees; (5) providing precarious employment; and (6) using false information to recruit workers.

### **F.8 – Forced Overtime**

The imposition of overtime where workers are unable to leave the work premises constitutes forced labor.

### **F.9 – Personal Identification and Other Documents**

Workers shall retain possession and control of their passports, identity papers, travel

documents, work permits, and other personal legal documents.

#### **F.10 – Storage for Employee Documents**

F.10.1 – Employers shall provide at employee request secure storage for employee’s documents as passports, identity papers, travel documents, and other personal legal documents. Such storage shall be freely accessible to workers at all times.

F.10.2 – Employers shall not withhold any such documents or restrict workers’ access to them for any reason, including ensuring that workers shall remain in employment in the workplace.

#### **F.11 – Employment Fees**

Fees and other costs associated with the employment of workers, including migrant/contingent/contract/temporary workers, shall be the sole responsibility of the employer.

#### **F.12 – Free Disposal of Wages**

F.12.1 – Employers may not limit in any manner the freedom of workers to dispose of their wages.

F.12.2 – Workers must be free from any coercion to make use of enterprise or employer-operated stores.

### **Must-Have Documentation**

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- Forced Labor policies and procedures
- All employment contracts
- Voluntary Overtime Hour request form
- Agreement with labor brokers, recruitment agencies, or security agencies (if applicable)
- Training records on force labor to all employees
- Worker agreement to follow factory rules and regulations
- Evidence that workers were not responsible for the payment of recruitment fees and associated costs that may have been charged in connection with obtaining employment (if applicable)



## Child labor

### INTRODUCTION

The ILO estimates<sup>13</sup> that a total of 160 million children – 63 million girls and 97 million boys – are in child labor globally, accounting for almost one in ten of all children worldwide. Nearly half of all those in child labor – 79 million children in absolute terms – are in hazardous work that directly endangers their health, safety, and moral development. Children aged 5 to 11 years form the largest share of those in child labor and also form a substantial share of those in hazardous work.

**United Nations Convention on the Rights of the Child** (CRC – 1989) defines a child as “every human being below the age of eighteen years unless under the law applicable to the child, majority is attained earlier” and states that “every child has the right to be protected from

Noncompliance with the Child Labor standard requires immediate and sensitive remediation. A Remediation Protocol is included among the appendices of this manual.

economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child’s education, or that is likely to harm the child’s health, physical, mental, spiritual, moral or social development.”

The term “child labor” is often defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. It refers to work that:

- Is mentally, physically, socially, or morally dangerous and harmful to children; and
- Interferes with their schooling by:
  - Depriving them of the opportunity to attend school,
  - Obliging them to leave school prematurely, or
  - Requiring them to attempt to combine school attendance with excessively long and heavy work.

**Child labor refers to children working below the country’s minimum age** (excluding children in light work). Children who have reached the minimum age to work and who are participating in decent work which does not affect their health, personal development or education are considered to be in youth employment. **Youth employment is defined as those children between the minimum legal working age and the age of 18.** ILO C138 on the minimum age

<sup>13</sup> ILO/UNICEF Global Estimate of Child Labor – Trends and the Road Forward, 2020,

[https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---ipec/documents/publication/wcms\\_800278.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_800278.pdf)



(1973)<sup>14</sup> and ILO C182 on worst forms of child labor (1999)<sup>15</sup> and their related recommendations cover these topics.

## CODE ELEMENT

No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher in our owned operations, joint ventures of which we are a party, and in the operations of any business partner involved in manufacturing BELLA+CANVAS products.

## COMPLIANCE GUIDELINES

### CL.1 - General Compliance Child Labor

Employers shall comply with all national laws, regulations and procedures concerning the prohibition of child labor.

### CL.2 - Child Labor

Employers shall not employ anyone under the age of 15 or under the age for completion of compulsory education, whichever is higher.

### CL.3 - Government Permits and Parental Consent Documentation

Employers shall abide by all relevant rules and procedures where the law requires government permits or permission from parents as a condition of employment and shall keep documentation on-site for inspection at all times.

### CL.4 - Employment of Young Workers

Employers shall comply with all relevant laws that apply to young workers (e.g., those between

the minimum working age and the age of 18), including regulations related to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.

### CL.5 - Hazardous Work for Young Workers

No person under the age of 18 shall undertake hazardous work, i.e., work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of persons under the age of 18.

### CL.6- Young Workers Identification System

Employers shall have a system for identifying workstations and operations that are inappropriate for young workers according to applicable laws.

### CL.7 - Apprenticeships and Vocational Training/Minimum Working Age

Apprentices or vocational students shall not be under the age of 15 or under the age for completion of compulsory education, whichever is higher.

### CL.8 - Proof of Age Documentation

Employers shall collect and maintain all documentation necessary to confirm and verify date of birth of all workers, such as birth certificates. Employers shall take reasonable measures to ensure such documentation is complete and accurate. In those cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary precautions which can reasonably be expected of them to ensure that all workers are at least the minimum working age, including requesting and maintaining medical or religious

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<sup>14</sup>[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C138:NO](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C138:NO)

<sup>15</sup>[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C182:NO](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C182:NO)

records of workers, or through other means considered reliable in the local context.

### Must-Have Documentation

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- Child labor policy
- Records of child labor incidents
- Child labor policy training records
- Employee files should contain copies of age verification documentation such as birth certificate, driver's license, passport, etc.
- Records of government registration, parental permission, and health exams for juvenile workers
- Employer should maintain a registry for juvenile workers, apprentices, and vocational students that easily identifies all workers, their job, and working hours



# Freedom of association and collective bargaining

## INTRODUCTION

Freedom of association (FOA) and the right to collective bargaining are the subject of two of ILO's eleven fundamental instruments: ILO C87 on the Freedom of Association and Protection of the Right to Organize Convention (1948)<sup>16</sup> and C98 on the Right to Organize and Collective Bargaining Convention (1949).<sup>17</sup>

Freedom of association is a fundamental human right proclaimed in the Universal Declaration of Human Rights (1948). The right of workers and employers to form and join organizations of their own choosing is an integral part of a free and open society.

Closely linked to freedom of association is the issue of collective bargaining. Collective bargaining is a fundamental right that is reaffirmed as such in the 1998 ILO Declaration on Fundamental Principles and Rights at Work. Collective bargaining is a key means through which employers and their organizations and trade unions can establish fair wages and working conditions as well as ensure equal opportunities between women and men. It also provides the basis for sound labor relations. Typical issues on the bargaining agenda include wages, working time, training, occupational health and safety and equal treatment. The objective of these negotiations is to arrive at a collective agreement that regulates terms and conditions of employment. Collective agreements may also address the rights and responsibilities of the parties thus ensuring harmonious and productive industries and workplaces. Enhancing the inclusiveness of collective bargaining and collective agreements is a key means for reducing inequality and extending labor protection.

## CODE ELEMENT

At BELLA+CANVAS we recognize and respect the right of employees to freedom of association and collective bargaining in our own operations, joint ventures of which we are a party, and at those of our business partners, including contractors, supplier, and agents.

## COMPLIANCE GUIDELINES

### FOA.1 - General Compliance Freedom of Association

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<sup>16</sup>[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C087:NO](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C087:NO)

<sup>17</sup>[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C098:NO](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C098:NO)

FOA.1.1 - Employers shall comply with all national laws, regulations and procedures concerning freedom of association and collective bargaining. national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and BELLA+CANVAS standards differ, the employer is expected to follow the highest applicable standard.

FOA.1.2 - If not provided by law, employers must provide protection to workers who allege violations of freedom of association.

### **FOA.2 - Right to Freely Associate**

Workers, without distinction whatsoever, shall have the right to establish and to join organizations of their own choosing, subject only to the rules of the organization concerned, without previous authorization. The right to freedom of association begins at the time that workers seek employment and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers.

### **FOA.3 - Legal Restriction/Alternative Means**

When the right to freedom of association and collective bargaining is restricted under law, employers shall not obstruct legal alternative means of worker association.

### **FOA.4 - Anti-Union Violence/Harassment or Abuse**

Employers shall not use any form of physical or psychological violence, threats, intimidation, retaliation, harassment or abuse against union representatives and workers seeking to form, in the process of forming, or who have joined an organization of their own choosing. Such practices shall not be used against workers' organizations or workers participating or intending to participate in formal or informal organizing activities, including strikes.

### **FOA.5 - Anti-Union Discrimination/Dismissal, Other Loss of Rights, and Blocklisting**

Employers shall not engage in any acts of anti-union discrimination or retaliation, i.e., shall not make any employment decisions which negatively affect workers based wholly or in part on a workers' union membership or participation in union activity, including the formation of a union, previous employment in a unionized facility, participation in collective bargaining efforts or participation in a legal strike. Employers shall not use blocklists to restrict freedom of association, for instance blocklists based on union membership or participation in union activity.

### **FOA.6 - Restoration of Workers Rights/Reinstatement**

Workers who have been unjustly dismissed, demoted or otherwise suffered a loss of rights and privileges at work due to an act of union discrimination shall, subject to national laws, be entitled to restoration of all the rights and privileges lost, including reinstatement and retroactive payment of wages, if they so desire.

### **FOA.7 - Protection of Union Representatives**

Employers shall comply with all relevant provisions where national laws provide special protection to workers or worker representatives engaged in a particular union activity (such as union formation) or to worker representatives with a particular status (such as founding union members or current union office holders).

### **FOA.8 - Production Shift/Workplace Closure**

FOA.8.1 - Employers shall not (threaten to) shift production or close a workplace site in an attempt to prevent the formation of a union, in reaction to the formation of a union, in reaction to any other legitimate exercise of the right to freedom of association and collective bargaining, including the right to strike, or in an effort to break up a union.

FOA.8.2 - If a workplace is closing and there is a dispute that the closure was done to prevent or hamper the legitimate exercise of the right to freedom of association, employers shall provide proof that can be assessed by a third party to determine the validity of the reasons given for closure.

**FOA.9 - Severance Pay**

Employers shall not offer or use severance pay in any form or under any other name as a means of contravening the right to freedom of association, including attempts to prevent or restrict union formation or union activity, including strikes.

**FOA.10 - Employer Interference**

Employers shall refrain from any acts of interference with the formation or operation of workers' organizations, including acts which are designed to establish or promote the domination, financing or control of workers' organizations by employers.

**FOA.11 - Employer Interference/Constitution, Elections, Administration, Activities and Programs**

Employers shall not interfere with the right of workers to: (1) Draw up their constitutions and rules; (2) Elect their representatives; or (3) Organize their administration and activities.

**FOA.12 - Employer Interference/Registration**

Employers shall not attempt to influence or interfere in any way, to the detriment of workers' organizations, with government registration decisions, procedures and requirements regarding the formation of workers' organizations.

**FOA.13 - Employer Interference/Favoritism**

Employers shall not interfere with the right to freedom of association by favoring one workers' organization over another. In cases where a

single union represents workers, employers shall not attempt to influence or interfere in any way in workers' ability to form other organizations that represent workers.

**FOA.14 - Employer Interference/Police and Military Forces**

Employers shall not in any way threaten the use of or use the presence of police or military, to prevent, disrupt or break up any activities that constitute an exercise of the right to freedom of association, including union meetings, assemblies and strikes.

**FOA.15 - Facilities for Worker Representatives**

Worker representatives shall have the facilities necessary for the proper exercise of their functions, including access to workplaces and office space where required by law.

**FOA.16 - Right to Collective Bargaining/Good Faith**

FOA.16.1 - Employers shall recognize the rights of workers to free and voluntary collective bargaining with a view to the regulation of terms and conditions of employment by collective agreements.

FOA.16.2 - Employers and worker representatives shall bargain in good faith, i.e. engage in genuine and constructive negotiations and make every effort to reach an agreement.

**FOA.17 - Right to Collective Bargaining/Exclusive Bargaining and Other Recognized Unions**

Employers shall bargain with any union that has been recognized by law or by agreement between the employer and that union, provided such agreement does not contravene national law, as a, or the exclusive, bargaining agent for some or all of its workers.

### **FOA.18 - Right to Collective Bargaining/Unorganized Workers**

Employers can only engage in collective bargaining with representatives of unorganized workers when no workers' organization exists.

### **FOA.19 - Right to Collective Bargaining/Compliance with Collective Bargaining Agreement**

FOA.19.1 - Employers, unions and workers shall honor in good faith, for the term of the agreement, the terms of any collective bargaining agreement they have agreed to and signed.

FOA.19.2 - Worker representatives and workers shall be able to raise issues regarding compliance with a collective bargaining agreement by employers without retaliation or any negative effect on their employment status.

FOA.19.3 - Employers shall not interfere with the right of workers to: (1) Draw up their constitutions and rules; (2) Elect their representatives; or (3) Organize their administration and activities.

### **FOA.20 - Right to Collective Bargaining/Validity of Collective Bargaining Agreement**

FOA.20.1 - Collective bargaining agreements that have not been negotiated freely, voluntarily and in good faith shall be considered not applicable.

FOA.20.2 - Provisions in collective bargaining agreements that contradict national laws, rules and procedures or offer less protection to workers than provisions of the BELLA+CANVAS Code of Conduct and the FLA Workplace Code shall also be considered not applicable.

### **FOA.21 - Rights of Minority Unions and their Members**

Unions not recognized as a bargaining agent of some or all of the workers in a facility shall have the means for defending the occupational interests of their members, including making

representations on their behalf and representing them in cases of individual grievances and disciplinary actions, within limits established by applicable law.

### **FOA.22 - Right to Strike/Sanction for Organizing or Participating in Legal Strikes**

Employers shall not impose any sanction on workers organizing or having participated in a strike in accordance with ILO standards and jurisprudence.

### **FOA.23 - Right to Strike/Replacement Workers**

Employers shall not hire replacement workers in order to prevent or break up a strike that is accordance with ILO standards and jurisprudence, or to avoid negotiating in good faith.

## **Must-Have Documentation**

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- FOA policy
- Grievance records (procedures, Suggestion/Grievance box records, follow-up actions, etc.)
- Employment contracts; records of terminations and disciplinary measures
- Collective bargaining agreements (CBAs)
- Minutes of the meeting between worker representatives/unions and factory management
- Authorization from workers on union dues deduction
- Training record on FOA policy





# Health, Safety and Environment

## INTRODUCTION

### Health And Safety

Every day, people die as a result of occupational accidents or work-related diseases – more than 2.78 million deaths per year. Additionally, there are some 374 million non-fatal work-related injuries each year, resulting in more than four days of absences from work. The human cost of this daily adversity is vast, and the economic burden of poor occupational safety and health practices is heavy.<sup>18</sup>

ILO C155 Occupational Safety and Health Convention (1981),<sup>19</sup> its Promotional Framework

C187, 2006),<sup>20</sup> and C161 Occupational Health Services Convention (1985)<sup>21</sup> outline employers' need for training workers on, communicating to workers about, and providing workers with necessary equipment for working safely and reducing risks within the workplace. Furthermore, these conventions explain that workers and employers together must cooperate with one another in maintaining safe workplaces, such as through a worker-management safety committee or by management addressing safety alerts raised by workers.

Workplace accidents, injuries, and disease transmission are preventable. By establishing standards and maintaining appropriate management systems, facilities can operate safely, and business can mitigate significant costs, both social and financial. Our guidelines provide a framework for instituting the policies, processes, and necessary elements to create safe and hygienic workplaces that benefit workers, employers, and customers.

### Environment

According to the United Nations Environment Program and (UNEP) and the Ellen MacArthur Foundation (at [www.ellenmacarthurfoundation.org](http://www.ellenmacarthurfoundation.org)), the fashion industry's impact on the environment is as follows:

- Every year the fashion industry uses 93 billion cubic meters of water — enough to meet the consumption needs of five million people.

<sup>18</sup>International Labor Standards on Occupational Safety and Health, ILO, <https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/occupational-safety-and-health/lang-en/index.htm>

<sup>19</sup>[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C155:NO](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C155:NO)

<sup>20</sup>[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C187:NO](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C187:NO)

<sup>21</sup>[https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C161](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C161)

- Around 20% of wastewater worldwide comes from fabric dyeing and treatment.
- Of the total fiber input used for clothing, 87% is incinerated or disposed of in a landfill.
- The fashion industry is responsible for 10% of annual global carbon emissions, more than all international flights and maritime shipping combined. At this pace, the fashion industry's greenhouse gas emissions will surge more than 50% by 2030.<sup>22</sup>

Our environmental guidelines serve as minimum standards intended to reduce the risks of production's impact on our planet.

## CODE ELEMENT

BELLA+CANVAS and our business partners, including contractors, suppliers, and agents, shall provide safe and healthy workplace settings to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of operations at our respective facilities. BELLA+CANVAS and our business partners shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.

## HEALTH AND SAFETY COMPLIANCE GUIDELINES

### HS.1 - General Compliance Health & Safety

Employers shall comply with all national laws, regulations and procedures concerning health & safety.

### HS.2 - Document Maintenance/Workers Accessibility and Awareness

All documents required to be available to workers and management by applicable laws (e.g., health and safety policies, MSDS) shall be made available in the prescribed manner and in the local language and language spoken by the workers, if different from the local language.

### HS.3 - Notification and Record Maintenance

HS.3.1 - Employers shall notify the relevant national and/or local authorities of all illnesses and accidents as required by applicable laws.

HS.3.2 - All illness, safety, accident, and emergency reports shall be maintained on site for at least one year, or longer if required by law.

### HS.4 - Permits and Certificates

Employers shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as:

HS.4.1 - Purchase and storage of chemicals,

HS.4.2 - Fire safety inspections,

HS.4.3 - Machinery inspection, and

HS.4.5 - Vehicle inspection and driver permits for all employer provided transportation.

### HS.5 - Evacuation Requirements and Procedure

HSE.5.1 - All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: (1) posting evacuation plans; (2) installation and maintenance of fire alarms; (3) installation and maintenance of emergency lighting; (4) ensuring aisles/exits are not blocked and that workers are not blocked within their

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<sup>22</sup><https://www.worldbank.org/en/news/feature/2019/09/23/costo-moda-medio-ambiente>

workstations; (5) employee education and training; and (6) evacuation procedures and fire drills.

HS.5.2 - Workers shall be trained in evacuation procedures.

HS.5.3 - Alarm systems shall be regularly tested, and evacuation drills shall be undertaken at least annually.

### **HS.6- Safety Equipment and First Aid Training**

HS.6.1 - All safety and medical equipment (e.g. firefighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.

HS.6.2 - A sufficient number of workers shall be trained in first aid and firefighting techniques. Training shall be upon hire and with periodic refresher training.

### **HS.7 - Personal Protective Equipment**

Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g., gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g., inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.

### **HS.8 - Use of Personal Protective Equipment**

Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.

### **HS.9 - Chemical Management and Training**

HS.9.1 - All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards. Labels shall be

placed in the local language and the language spoken by workers, if different from the local language.

HS.9.2 - Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances.

### **HS.10 - Material Safety Data Sheets/Workers Access and Awareness**

HS.10.1 - Material Safety Data Sheets (MSDS) for all chemicals and hazardous substances used in the workplace must be available at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.

HS.10.2 - Workers shall have free access to MSDS.

### **HS.11 - Chemical Management/Pregnant Women and Young Workers**

HS.11.1 - To prevent unsafe exposure to hazardous chemicals and hazardous substances, appropriate accommodations shall be made for pregnant women and workers under the age of 18, as required by applicable laws or the provisions of the FLA Workplace Code, in a manner that does not unreasonably disadvantage workers.

HS.11.2 - If not provided by law, employers must provide protection to workers who allege violations of accommodations to prevent unsafe exposure to hazardous chemicals and hazardous substances for pregnant women and workers under age 18.

### **HS.12 - Protection Reproductive Health**

HS.12.1 - Employers shall ensure that women are not engaged in work that constitutes a substantial risk to their reproductive health.

HS.12.2 - If not provided by law, employers must provide protection to workers who allege women

are engaged in work that constitutes a substantial risk to their health.

### **HS.13 - Ventilation/Electrical/Facility Installation and Maintenance**

All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.

### **HS.14 - Machinery Safety, Maintenance and Workers Training**

HS.14.1- All production machinery, equipment and tools shall be properly guarded and regularly maintained.

HS.14.2- Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use.

HS.14.3- Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.

### **HS.15 - Proper Use of Machinery**

Employers shall not use negative incentives like monetary penalty schemes to ensure workers use machinery, equipment and tools safely and properly. Rather, training on risk awareness, proper machine use, as well as positive incentives like bonuses should be used.

### **HS.16 - Workers Refusal to Use Unguarded or Unsafe Machinery**

Workers shall not suffer any negative consequences for refusing to work with machinery, equipment or tools that are not properly guarded or reasonably considered unsafe.

### **HS.17 - Ergonomics**

HS.17.1- Workstations, including seating and standing arrangements and reach required to

obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.

HS.17.2 - Employers shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.

### **HS.18 - Medical Facilities**

HS.18.1- Medical facilities shall be established and maintained in factories as required by applicable laws.

HS.18.2- Medical staff shall be fully licensed and recognized under applicable national rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under national law.

HS.18.3 - An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner.

### **HS.19 - Sanitation in Workplace Facilities**

All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.

### **HS.20 - Toilets**

Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. In addition, the following should also be considered: number of toilets based on number of workers, privacy for each individual and gender, accessibility, and hygiene.

### **HS.21 - Toilets/Restrictions**

Employers shall not place any undue restrictions on toilet use in terms of time and frequency."

### **HS.22 - Food Preparation**

HS.22.1 - All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws and international standards.

HS.22.2 - All workers handling food must be trained and/or certified to work in the facility preparing or serving food.

### **HS.23 - Drinking Water**

Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. In particular, (1) Drinking water shall be of a reasonable temperature, and (2) the means to drink water (e.g., cups) must be safe and sanitary and available in an appropriate number.

### **HS.24 - Drinking Water/Restrictions**

Employers shall not place any undue restrictions on drinking water in terms of time and frequency.

### **HS.25 - Dormitory Facilities**

HS.25.1 - Dormitory facilities, including those provided by employment agencies or intermediaries associated with the employer, shall meet all applicable laws and regulations related to health, safety, and environment, including fire safety, sanitation, risk protection and electrical, mechanical, and structural safety. All dormitories shall be kept secure, clean, and have safety provisions (e.g., fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting).

HS.25.2 - Emergency evacuation drills shall also be conducted at least semi-annually.

### **HS.26 - Dormitories Separate from Production Facilities**

All dormitory facilities must be structurally sound, in good repair, and located separately from production, warehouse and hazardous chemical storage areas.

### **HS.27 - Childcare Facilities/Children on Premises**

HSE.27.1 - Childcare facilities shall not physically overlap with production areas and children shall not have access to production areas.

HSE.27.2 - Children under the minimum working age shall not be allowed in workplace areas at any time, unless they are part of a guided school tour or other such unusual event.

HSE.27.3 - All childcare workers must be fully trained and licensed to provide the level of care necessary at the factory. Where local legal requirements are missing, childcare workers must have at least some vocational training for childcare.

HSE.27.4 - Childcare facility hours must match the working hours of the factory shift schedule, following any regulations provided by local law.

### **HS.28 - External Contractors**

Employers shall create a system to ensure that all necessary Health and Safety protections are provided for external contractors, including protection when working within confined spaces, maintenance issues, and general Health and Safety Issues.

### **HS.29 - High-Risk Areas**

Employers shall provide all necessary protection for workers when working at heights, confined spaces, and other high-risk areas.

### **HS.30 - Health, Safety & Environmental Management System, Policies & Procedures**

HS.30.1 - Employers shall develop, maintain, and regularly review health, safety, and environmental policies to ensure that they comply with all national laws, regulations, and the BELLA+CANVAS Workplace Code of Conduct concerning health, safety, and environmental standards, regulations and procedures.

HS.30.2 - The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system including a HS&E risk assessment within which the following are clear and regularly tested and reviewed: (1) employers' responsibilities; (2) workers' rights and duties; (3) responsibilities of designated personnel; (4) procedures that enable workers to raise health, safety, and environmental concerns; (5) procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies; (6) protections to workers who allege health, safety, and environmental violations; (7) conducting root cause analysis on workplace accidents and taking proactive action to prevent future accidents.

HS.30.3 - Environmental policies shall include procedures to minimize environmental impacts with respect to energy, air emissions, water, waste, hazardous materials, and other significant environmental risks.

### Must-Have Documentation

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- Records of machine maintenance
- Lock out/tag out procedure
- Inspection of electrical equipment
- Broken needle procedure
- Legally required health and safety licenses, certificates, and inspections (dormitory, canteen, building approval, fire inspection, compressor, boiler, cargo lift, electrician, nurse, doctor, kitchen staff, lift operator)
- Dormitory rules (If applicable)

- Records of training of kitchen staff
- Records of health exams for kitchen staff
- Health and safety training records
- Health and Safety Policy
- Permits, operating licenses, Certificates of Operations, etc.
- Employment site layout / floor plan
- Emergency prevention plan
- Emergency action plan
- Evacuation diagram
- Written and photographic records of evacuation drills
- Records of regular inspections of fire equipment
- Procedure for handling oily rags
- Procedure for hot work
- Procedure for PPE and machine safety
- Accident/injury log
- Test results of temperature, lighting, and noise levels
- Safety risk assessment
- Health exams for applicable employees
- Test results of drinking water
- List of hazardous chemicals
- List of safety team members with responsibilities
- Meeting notes of safety team meetings
- Documentation to prove that production and warehouse buildings were constructed/approved for industrial use



## ENVIRONMENTAL COMPLIANCE GUIDELINES

### E.1 – General Compliance Environment

Employers shall comply with all national laws, regulations and procedures concerning the environment.

E.2 – All documents required to be available to workers and management by applicable laws (e.g., environmental emergency procedures) shall be made available in the prescribed manner and in the local language and language spoken by the workers, if different from the local language.

E.3 – Employers shall notify the relevant national and/or local authorities of all environmental emergencies as required by applicable laws.

E.4 – Ensure there is an emergency spill response plan developed for all chemicals or oils are stored on site. The emergency evacuation procedure (EEP) includes procedures for notifying local community authorities in case of accidental discharge or release of chemical/waste products or any other environmental emergency.

E.5 – Ensure the facility properly disposes hazardous and medical waste at a government approved offsite facility.

E.6 – Ensure the facility has obtained and is in possession of all necessary, applicable, and valid permits for the relevant environmental agencies. Employers shall at all times be in possession of all legally required and valid permits, licenses and certificates related to environmental issues, such as those related to chemical waste disposal and other waste management.

E.7 – Ensure to have a chemical management system to evaluate potential environmental impacts.

E.8 – Ensure the facility is in compliance with all legally required environmental monitoring reports for wastewater discharges, air emissions, hazardous waste management/disposal and chemical management.

E.9 – Ensure that routine inspections or audits conducted and documented by trained personnel to ensure that there are no significant environmental impacts created by operations. These should cover wastewater treatment/discharges, air emissions and stack testing, hazardous waste management, storage tanks and chemical storage and management.

E.10 – Ensure to track water usage and set reduction goals of water consumption.

E.11 – Ensure to track waste generation and set improvement goals.

E.12 – Ensure to track energy usage and set goals for energy conservation.

E.13 – Ensure to have procedures in place for recycling and reuse of materials.

E.14 – Ensure property is free of environmental contamination.

E.15 – Ensure all chemical tanks are installed above ground.

E.16 – Ensure that all tanks and stored chemicals have secondary containment apparatus.

E.17 - Ensure wastewater is treated to meet required regulatory standards or best management practices.

E.18 - Ensure that there are no materials associated with production or industrial activities exposed to storm water (rain, snow, etc.) This could include equipment pallets drums packaging chemicals vehicle maintenance etc.

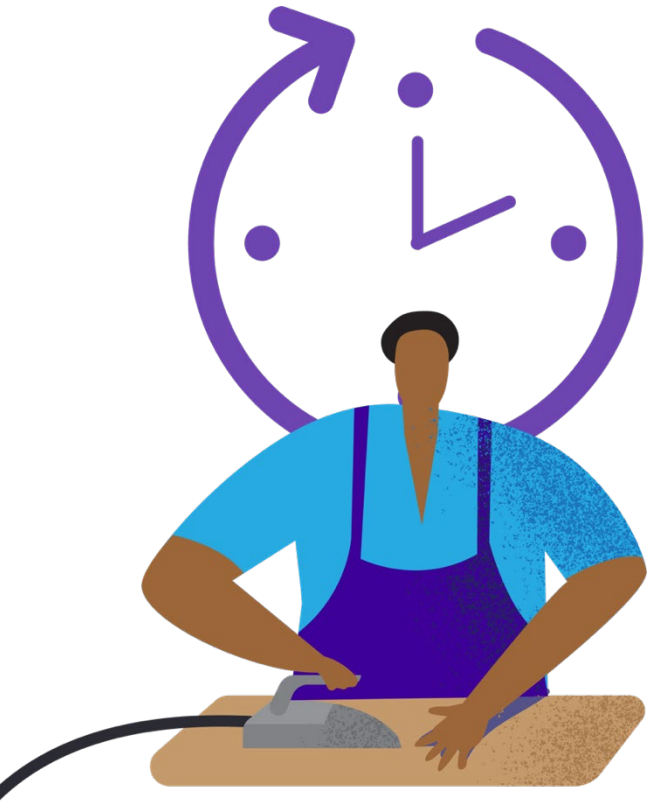
E.19 - Ensure to train applicable workers on the proper handling and storage of hazardous waste and ensure only authorized (specially trained) employees handle hazardous waste.

E.20 - Ensure to maintain records on the disposal method, destination and transportation method for hazardous waste, even if it is handled by suppliers, qualified contractors, etc.

## Must-Have Documentation

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- Documentation of energy used from on-site and purchased sources
- Inventory of discharge points of waste and wastewater
- Government-issued violation records (if any)
- Environmental and emissions licenses, certificates, and inspections
- Hazardous waste inventory and manifests
- Hazardous and non-hazardous waste container labels
- Safety Data Sheets (SDS)
- Wastewater and treatment plant inspection, maintenance, and monitoring results
- Air emission monitoring results, including identification of sources on site
- Waste storage inspection records
- Water and energy efficiency monitoring
- Environmental commitment and strategy documents
- Environmental impact analysis and aspect evaluation



## Hours of work

### INTRODUCTION

The regulation of working time is one of the oldest concerns of labor legislation. Excessive hours of work and inadequate periods of rest and recuperation can damage workers' health and increase the risk of work accidents. In many parts of the world, there is a significant link between low wages and excessive working time. Long working hours prevents workers from getting adequate rest, attending to family responsibilities, and participating in the community.

The first ILO Convention C1 (1919) limits hours of work and provided for adequate rest periods for workers. Since then, it has been complemented by a series of conventions and related recommendations such as C14 Weekly Rest (Industry) Convention (1921), R116 Reduction of

Hours of Work Recommendation (1962), and C171 – night work convention (1990).

### CODE ELEMENT

BELLA+CANVAS and our business partners, including contractors, suppliers, and agents, shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. We shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. We shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.

### COMPLIANCE GUIDELINES

#### HOW.1 - General Compliance Hours of Work

HOW.1.1 - Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.

HOW.1.2 - If not provided by law, employers must provide protection to workers who allege violations of laws governing work hours.

#### HOW.2 - Rest Day

Workers shall be entitled to at least 24 consecutive hours of rest in every seven-day period. If workers must work on a rest day, an alternative consecutive 24 hours must be provided within that same seven-day period or immediately following.

**HOW.3 - Meal and Rest Breaks**

Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with national laws.

**HOW.4 - Protected Workers (Women and Young Workers)/Regulations on Hours of Work**

The workplace shall comply with all applicable laws governing work hours regulating or limiting the nature, frequency and volume of work performed by women or workers under the age of 18.

**HOW.5 - Protected Workers (Women and Young Workers)/Record Keeping**

Employers shall maintain necessary records identifying all women workers and all workers under the age of 18 entitled to legal protection concerning work hours.

**HOW.6 - Maintenance of Reasonable Levels of Staff**

Employers' personnel practices shall demonstrate an effort to maintain a level of staffing that is reasonable in view of predictable or continuing fluctuations in business demand.

**HOW.7 - Overtime/Calculation over Period Longer than One Week**

Employers are allowed to calculate regular hours of work as an average over a period of longer than one week, where national laws, regulations and procedures provide for such a possibility, but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. However, the basis for such calculation shall not exceed 48 hours per week.

**HOW.8 - Forced Overtime**

HOW.8.1 - Employers shall not require or permit workers to work more than the overtime hours allowed by the law of the country where the workers are employed.

HOW.8.2 - All overtime work shall be consensual, and employers shall enact a voluntary overtime system, including for overtime utilized in exceptional circumstances.

**HOW.9 Exceptional Circumstance/Overtime Explanation**

HOW.9.1 - Employers shall be able to provide explanation for all periods when the exceptional circumstances exception has been used.

HOW.9.2 - Employers shall take reasonable steps to inform workers about the nature and expected duration of the circumstances sufficiently in advance to allow workers to make alternative plans.

**HOW.10 - Public Holidays**

HOW.10.1 - Employers shall provide workers with all official public holidays as required under national laws, regulations, and procedures.

HOW.10.2 - If not prohibited by local law, any replacement of official holidays with alternative days off must be voluntary and agreed upon in writing by the worker in advance.

HOW.10.3 - When using replacement holidays, all legal and BELLA+CANVAS requirements regarding overtime and hours of work apply.

**HOW.11 Annual Leave**

HOW.11.1 - Employers shall provide workers with paid annual leave as required under national laws, regulations and procedures.

HOW.11.2 - Even where national laws allow employers to pay extra compensation in lieu of paid annual leave, employers shall ensure that this option is not utilized.

**HOW.12 Annual Leave/Determination**

HOW.12.1 - Employers shall not impose any undue restrictions on workers' use of annual leave.

HOW.12.2 - The time at which annual leave is taken is determined by employers in consultation with workers, taking into account work requirements and the opportunities for rest and relaxation available to workers.

**HOW.13 - Annual Leave Procedures**

HOW.13.1 - Any workplace procedures regulating the timing of annual leave (e.g., requiring a minimum period of service before being allowed to use annual leave, written requests to be submitted a certain time before the annual leave) must be in line with national laws, regulations, and procedures.

HOW.13.2 - Workplace procedures regulating the timing of annual leave must be communicated in full to all workers.

**HOW.14 - Annual Leave/Wage Payments**

Employers shall provide workers taking annual leave their normal or average wages for the full period of annual leave in advance, unless specified differently under national laws, regulations, and procedures.

**HOW.15 - Leave/Retaliation**

Employers shall not impose any sanction on workers for requesting or taking any type of leave, such as annual, sick, or maternity, in line with all applicable rules and procedures.

**HOW.16 - Sick Leave**

Employers shall provide workers with sick leave as required under national laws, regulations, and procedures.

**HOW.17 - Sick Leave/Restrictions**

Employers shall not impose any undue restrictions on sick leave. Any workplace procedures regulating sick leave (e.g., informing the employer as soon as possible, the provision of medical certificates) must be in line with national laws, regulations and procedures and must be communicated in full to all workers.

**HOW.18 - Calculation of Absences**

Absences from work for reasons beyond the control of workers, such as sick leave or periods during which workplace operations are suspended, shall not be counted as annual leave nor shall they be deducted from calculations concerning length of service, unless specified differently under national laws, regulations, and procedures.

**HOW.19 - Suspension of Work**

HOW.19.1 - Employers can only suspend work in accordance with national laws, regulations, and procedures.

HOW.19.2 - Workers shall be paid in full during periods of suspension, unless national laws stipulate otherwise, workers and their representative organizations agree otherwise, or the relevant national authorities authorize the alternative arrangement.

HOW.19.3 - Conditions of suspension should be communicated in full to all workers.

**HOW.20 - Excessive Hours Reduction**

Employers shall have in place practices that conduct regular analysis of hours of work in their workplaces and procedures that demonstrate a commitment to progressively reducing excessive hours of work.

**HOW.21 - Overtime Hours**

Other than in exceptional circumstances, the total weekly work hours (regular work hours plus

overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.

### **HOW.22 - Time Recording System**

HOW.22.1 - Employers shall have in place policies for managing all working hour, overtime, and leave records in normal and exceptional circumstances.

HOW.22.2 - Accurate time records shall be maintained by employers, including overtime, breaks, and leave.

HOW.22.3 - Time worked by all workers, regardless of wage system, shall be fully documented by timecards or other mechanical or electronic recording systems.

HOW.22.4 - Employers shall not maintain multiple time-keeping systems and/or records.

HOW.22.5 - Time records maintained shall be authentic and accurate.

HOW.22.6 - If not provided by law, employers must provide protection to workers who allege existence of multiple time-keeping systems or falsification of work time records.

## **Must-Have Documentation**

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- Working Hour policy and procedure
- Time records, attendance records, and payrolls on file of the last 12 months
- Documentation on use of excessive overtime and other exceptions to normal work hour schedule caused by unexpected events, e.g., power failure, disaster etc.
- Document the training on hours of work and overtime policies and procedures
- Leave requests and approvals
- Voluntary overtime agreements, acknowledgements, and sign-up sheets
- Production records and/or CCTV recordings





# Compensation

## INTRODUCTION

Wage regulation and wage setting have been an integral part of dialogue between states, employers, and employees' organizations the world over and was part of the ILO mandate from its outset. The right to "just and favorable remuneration" that ensures an existence worthy of human dignity was recognized as a fundamental human right in The Universal Declaration of Human Rights in 1948.

The ILO Conventions and Recommendations covering wages in our industry are the following:

- Protection of Wages Convention, 1949 (C95) and Recommendation, 1949 (R 85)
- Minimum Wage Fixing Convention, 1970 (C131) and Recommendation, 1970 (R 135)

- Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (C 173) and Recommendation, 1992 (R180)

Recent international and national debates on minimum wages have focused on their coverage and application as well as on the level at which they should be set to provide fair compensation to workers and to determine the right balance for businesses. By joining the FLA, BELLA+CANVAS committed to implementing a gradual fair compensation strategy to demonstrate compliance with the fair compensation element of the FLA Workplace Code of Conduct. We continue working in our own operations and with our business partners in this endeavor.

## CODE ELEMENT

At BELLA+CANVAS, we believe that every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. We commit to paying at least the minimum wage or the appropriate prevailing wage, whichever is higher, complying with all legal requirements on wages, and providing any benefits required by law or contract, and we expect our business partners, including contractors, suppliers, and agents, to uphold the same standards. Where compensation does not meet workers' basic needs and provide some discretionary income, our suppliers shall work with BELLA+CANVAS to take appropriate actions that seek to progressively realize a level of compensation that does.

## COMPLIANCE GUIDELINES

### C.1 - General Compliance Compensation

C.1.1 - Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.

C.1.2 - In any case where differences or conflicts in national law or the BELLA+CANVAS Code of Conduct arise, employers are expected to apply the highest standard.

C.1.3 - In any case where national laws, regulations and procedures do not address the payment of compensation to workers, employers shall follow all standards in the BELLA+CANVAS Code of Conduct that apply to administration and payment of compensation and shall provide an employment contract that includes stipulation of compensation payment to workers.

### **C.2 - Minimum Wage**

Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher, for regular working hours (not including overtime). Workers should also be informed about the legal minimum wage.

### **C.3 - Training and Probation Wage**

Where probationary employment is legally allowed, the wage shall:

C.3.1 - Receive at least the minimum wage for regular workers or the prevailing industry wage for regular workers, whichever is higher;

C.3.2 - Receive all legally mandated benefits;

C.3.3 - No workers shall work more than three months in this employment category.

### **C.4 - Wage & Benefits / Apprenticeship or Vocational Training**

For the time-period during which they receive training, apprentices and vocational trainees shall: (1) receive at least the minimum wage for regular workers or the prevailing industry wage for regular workers, whichever is higher; and (2) receive all legal mandated benefits. (3) If local law allows for a lower minimum wage for apprentices/trainees, this lower minimum wage may only be applied for the first 30 days, if that time is dedicated primarily to training and not to production or other essential tasks.

### **C.5 - Wage & Benefits / Contract, Contingent or Temporary Workers**

Contract/contingent/migrant/temporary workers shall: (1) Receive at least the minimum wage for regular workers or the prevailing industry wage for regular workers, whichever is higher; (2) Receive all legally mandated-benefits; and (3) Receive at least the same compensation as regular workers performing the same job functions or tasks with similar levels of experience or seniority.

### **C.6 - Timely and Direct Payment of Wages**

All wages, including payment for overtime, shall be paid directly and in full within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month.

### **C.7 - Accurate Calculation, Recording, and Payment of Wage**

All payments to all workers, including hourly wages, piecework, benefits and other incentives, shall be calculated, recorded, and paid accurately.

### **C.8 - Accurate Length of Service Calculation**

All workers shall be credited with all-time worked for an employer for purposes of calculating length of service and determine the benefits to which workers are entitled.

### **C.9 - Calculation Basis for Overtime Payments**

C.9.1 - Employers shall compensate workers for all hours worked.

C.9.2 - The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime.

C.9.3 - Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country. In those countries where there is no legally established

overtime premium, employees shall be compensated for overtime hours at the prevailing industry premium rate or at the internationally recognized overtime rate\*, whichever is higher.

### **C.10 - Overtime Wage Awareness**

Workers shall be informed, orally and in writing, in language(s) spoken by workers about overtime wage rates prior to undertaking overtime.

### **C.11 - Nonpayment of Incentives**

Regardless of any production quotas, incentives shall not be reduced or not paid if the result shall be wages below the legal minimum wage or the prevailing industry wage, whichever is higher.

### **C.12 - Deposit of Legally Mandated Deductions**

C.12. - All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc.

C.12.2 - Employers shall not hold over any of these funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g. monthly deposits, weekly pay).

C.12.3 - If the law does not specify, then deposits shall be made before the next pay period in all cases.

### **C.13 - Voluntary Wage Deductions**

C.13.1 - Voluntary wage deductions, including for savings clubs, loan payments, union membership dues, or any other union fees, can only be made with the express and written consent of individual workers unless (in the case of union dues and fees) specified otherwise in freely negotiated and valid collective bargaining agreements. In all cases, voluntary wage deductions must fall within the limits and conditions specified by law.

C.13.2 - Written consent for voluntary wage deductions shall be documented in employee files.

C.13.3 - All such voluntary deductions shall be credited to proper accounts and employers shall not hold funds illegally or inappropriately.

### **C.14 - Voluntary Wage Deduction / Workers Access to Information**

Workers shall have access to regular and full information concerning the status of relevant accounts and the status and level of their payments thereto.

### **C.15 - Pay Statement**

Employers shall provide workers a pay statement in languages understood by workers each pay period and not less frequently than once a month, which shall show:

C.15.1 - earned wages,

C.15.2 - wage calculations,

C.15.3 - total number of hours worked,

C.15.4 - regular and overtime pay,

C.15.5 - bonuses,

C.15.6 - all deductions, and

C.15.7 - final total wage.

### **C.16 - Compensation Receipt**

C.16.1 - All compensation records, including wages and benefits whether in cash or in-kind, must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (e.g., signature, thumbprint).

C.16.2 - No one can receive wages on behalf of a worker, unless the worker concerned has, in full freedom, authorized in writing for another person to do so.

**C.17 - Record Maintenance**

Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to date.

**C.18 - False Payroll Records**

C.18.1 - Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.

C.18.2 - Payroll records maintained shall be authentic and accurate.

**C.19 - Workers Awareness and Understanding of Compensation**

Employers shall make every reasonable effort to ensure workers understand their compensation, including:

C.19.1 - the calculation of wages,

C.19.2 - incentives systems,

C.19.3 - benefits, and

C.19.4 - bonuses they are entitled to at the workplace and under applicable laws.

C.19.5 - Employers shall communicate orally and in writing to all workers all relevant information in the local language or language spoken by the workers, if different from the local language.

**C.20 - Employer Provided Benefits**

C.20.1 - All workers have a right to use or not to use services provided by employers, such as housing or meals.

C.20.2 - Deductions for services to workers shall not exceed the cost of the service to employers.

C.20.3 - Employers must be able to demonstrate the accuracy or reasonableness of these charges.

**C.21 - Legally Mandated Benefits**

C.21.1 - Employers shall provide all legally mandated benefits, including holidays, leave,

bonuses, severance payments and 13<sup>th</sup> month payments to all eligible workers within legally defined time periods.

C.21.2 - All benefits shall be calculated correctly.

**C.22 - Compensation Disputes**

Employers must establish a system through which workers can dispute compensation and receive clarifications in this respect in a timely manner.

**C.23 - Fair Compensation/Basic Needs**

Where compensation for a regular workweek is not sufficient to meet workers' basic needs\* and provide some discretionary income\*, each employer shall work with the BELLA+CANVAS to take appropriate actions that seek to progressively realize a level of compensation **that** does.

**C.24 - Piece Rate/Minimum Wage**

C.24.1 - Employers shall not set production targets, piece rates or any other incentive or production system at such a level that workers need to work beyond regular working hours as set under the BELLA+CANVAS Workplace Code of Conduct, excluding overtime, in order to make at least the minimum wage or the prevailing industry wage, whichever is higher.

C.24.2 - Employers shall not set production targets, piecework, or any other incentive or production system at such a level that the payment for overtime work performed is less than the premium pay required by law or the FLA Workplace Code.

**C.25 - Wage Advances**

C.25.1 - Wage advances shall not exceed three months' pay or legal limits, whichever is less.

C.25.2 - Advances shall only be made following clearly established rules which have been communicated to workers. Advances must be properly documented, and their receipt and

accuracy must be confirmed by the relevant worker in writing (e.g., signature, thumbprint).

C.25.3 - No interest may be charged for wage advances.

### Must-Have Documentation

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- Compensation policy and procedure
- Authentic and accurate payroll records for all employees of the last 12 month
- Pay slips (stubs) or bank transfer documents
- Employment contracts
- Records of deductions deposits to legally required fund / account
- Attendance, work hours records, annual leave records, maternity leave
- Termination, dismissal documents and others as required by local law

# Subcontracting

## INTRODUCTION

We are all aware that unauthorized subcontracting can happen in the garment industry. In order to meet tight deadlines and/or to be able to complete unanticipated orders, manufacturers sometimes subcontract certain production processes to other factories and workplaces, without informing the buyer. In this way, the contractual supplier might be shifting orders to unknown suppliers. The subcontracted factories and workplaces are not formally part of the buyer's supply chain and thus corporate social compliance audits do not take place there,<sup>23</sup> thus increasing risk for all parties.

At BELLA+CANVAS, we strive to build long-term, stable relationships with our business partners. Our responsible production and sourcing practices provide our partners with a regular production forecast typically at least twelve weeks in advance. We provide reasonable supply lead times, predictability of orders and minimize last-minute changes to avoid creating problems for our own operations, joint ventures of which we are a party, and those of our suppliers, such as additional overtime or the need to subcontract. Should that be necessary, all suppliers, with whom we contract, must apply the following code element.

## CODE ELEMENT

BELLA+CANVAS requires all suppliers and subcontractors to fully comply with its Code of

Conduct. BELLA+CANVAS does not allow unauthorized subcontracting. A formal request shall be submitted to BELLA+CANVAS for approval, should a supplier require subcontracting.

## COMPLIANCE GUIDELINES

SUB.1 Suppliers are required to disclose in writing to BELLA+CANVAS Sourcing and Social Compliance teams the locations of all facilities that contribute to the production of BELLA+CANVAS goods.

SUB.2 Supplier shall notify BELLA+CANVAS Sourcing and Social Compliance teams immediately in writing of any changes in factory location(s) for our production prior to the production moving to the new facility. Suppliers shall allow any and all new facilities to be audited for social and environmental responsibility before production is placed.

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<sup>23</sup> SOMO, "Hidden Subcontracting in the Garment Industry," September 2015, <https://www.somo.nl/wp-content/uploads/2015/09/Hidden-subcontracting.pdf>



# Customs compliance

## CODE ELEMENT

Facilities will comply with applicable customs laws, and in particular, will establish and maintain programs to comply with customs laws regarding illegal transshipment of finished products. Facilities will ensure that all merchandise is accurately marked or labeled in compliance with all applicable laws. In addition, facilities will keep records for all materials and orders, as well as maintain detailed production records.

## COMPLIANCE GUIDELINES

CUS.1 - Ensure to keep copies of all applicable customs/trade program laws and regulations.

CUS.2 - Ensure to maintain an organized system of production documentation.

CUS.3 - Ensure to have records of the country of origin for all goods produce in the facility.

CUS.4 - Ensure to maintain all production/purchasing orders.

CUS.5 - Ensure to maintain raw material invoices (indicating country/origin/ manufacturing facility).

CUS.6 - Ensure to have all export documents.

CUS.7 - Ensure to have machine inventory records.

CUS.8 - Ensure that the responsible person ensure that such origin determine documents are maintained for at least the period of record retention required by law.

## Must-Have Documentation

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- Machine inventory
- Production and purchasing orders
- Outgoing and incoming records of components/inputs sent and received from another facilities
- Export documents such as:
  - Packaging lists
  - Bill of Landing/Airway bill
- Employee work records linked to the production of specific products
- Seals log and inventory

# Security

## INTRODUCTION

As a voluntary supply chain security program based on trust, the Customs-Trade Partnership Against Terrorism (C-TPAT) is open to members of the trade community who can demonstrate excellence in supply chain security practices and who have had no significant security related events. Since its inception, C-TPAT has sought to enhance supply chain security throughout the international supply chain, from point of stuffing, through to the first U.S. port of arrival. It is well recognized that the two most vulnerable nodes in any international supply chain occur at point of stuffing, and during the movement of cargo from point of stuffing to place of export.

## CODE ELEMENT

Facilities will maintain facility security procedures to guard against the introduction of non-manifested cargo into outbound shipments (i.e., drugs, explosives biohazards and/or other contraband). Facilities will ensure adequate controls are in place to safeguard against introduction of any non-manifested cargo. In this regard, BELLA+CANVAS recognizes the United States Customs and Border Protection (CBP)'s C-TPAT Guidelines for Foreign Manufacturers as a best practice program and has adopted those guidelines under this Principle.

## COMPLIANCE GUIDELINES

SEC.1 - Ensure facility have documented procedures in place to verify physical integrity of the container structure prior to loading.

SEC.2 - Ensure the facility conducts a seven-point inspection process for all containers/trucks and keep records of all inspections.

SEC.3 - Ensure the facility affix a high security seal to all loaded trailers and containers bound for the U.S.

SEC.4 - Ensure there is a designated employee for the distribution of seals for integrity purposes.

SEC.5 - Ensure all containers and trailers are in a secure area to prevent unauthorized access and/or manipulation.

SEC.6 - Ensure to have a physical access control procedure.

SEC.7 - Ensure to have an employee identification system in place for positive identification and access controls.

SEC.8 - Ensure to have visitor's procedure in place.

SEC.9 - Ensure to have procedures in place to identify, challenge and address unauthorized/unidentified persons.

SEC.10 - Ensure to do background checks and investigation to prospective employees, once employees periodic checks must be done according to the sensitivity of the employee position.

SEC.11 - Ensure facility have procedures in place to remove identification, facility, and system access for terminated employees.

SEC.12 - Ensure procedures are in place to ensure that all information used in the clearing of merchandise/cargo, is legible, complete, accurate, and protected against the exchange, loss or introduction of erroneous information.

SEC.13 - Ensure departing cargo being shipped should be reconciled against information on the cargo manifest.

SEC.14 - Ensure perimeter fencing enclose the areas around cargo handling and storage facilities.

SEC.15 - Ensure gates through which vehicles and/or personnel enter or exit shall be manned and/or monitored.

SEC.16 - Ensure private passenger vehicles are prohibited from parking in or adjacent to cargo handling and storage areas.

SEC.17 - Ensure all external and internal windows, gates and fences shall be secured with locking devices. Management or security personnel shall control the issuance of all locks and keys.

SEC.18 - Ensure adequate lighting shall be provided inside and outside the facility including the following areas: entrances and exits, cargo handling and storage areas, fence lines and parking areas.

SEC.19 - Ensure alarm systems and video surveillance cameras are utilized to monitor premises and prevent unauthorized access to cargo handling, packaging and storage areas; security guards monitoring the interior and exterior of the building

SEC.20 - Ensure to maintain at least 30 consecutive days, 24/7 of CCTV record for the above areas mentioned.

SEC.21 - Ensure to have automated systems shall use individually assigned accounts that require a periodic change of password.

SEC.22 - Ensure IT security policies, procedures and standards are in place and provided to employees in the form of training.

SEC.23 - Ensure a threat awareness program should be established and maintained by security personnel to recognize and foster awareness of the threat posed by terrorists and contraband smugglers at each point in the supply chain.

## Must-Have Documentation

**The following documents must be on file and available to BELLA+CANVAS and Independent External Monitors commissioned by BELLA+CANVAS**

- Records for all container's inspections
- Copy of visitor's logbook
- Employee and visitors access procedures
- Background checks for employees in critical areas
- Security awareness training records

# Beyond-workplace requirements

parties, may not be subjected harassment or abuse, including any mistreatment or threats.

## DENIAL OF ACCESS

For the purpose of monitoring compliance with our policies, BELLA+CANVAS's business partners, including contractors, suppliers, and agents, as well as their subcontractors and agents shall grant BELLA+CANVAS unrestricted access to all production facilities and dormitories and to all relevant records, whether or not notice is provided in advance.

Denial of access occurs when an BELLA+CANVAS associate or representative, Independent External Assessor, project partner, or consultant is refused entry to the manufacturing site, access to documents, or permission to interview workers. All these activities are required for monitoring of the workplace. If management does not permit such activities to proceed, then the supplier is obstructing the work of BELLA+CANVAS Social Compliance. In rare cases, an emergency may genuinely preclude access, such as a workers' strike or natural disaster, and in such instances, the factory would not be penalized.

## MISTREATMENT OF BELLA+CANVAS REPRESENTATIVES OR AUDITORS

BELLA+CANVAS representatives, including both staff, third-party auditors, or other relevant

# Other BELLA+CANVAS workplace- related policies

## SCOPE OF THE POLICIES

The following policies are BELLA+CANVAS global policies that have been adopted at corporate level. Suppliers working with BELLA+CANVAS are required to follow them.

## ANTI-CORRUPTION

BELLA+CANVAS strictly abides by all applicable laws, including the Foreign Corrupt Practices and requires Suppliers to do the same.

The Foreign Corrupt Practices Act (the FCPA) prohibits the making of a payment and/or the promising or offering of anything of value to any foreign government official, government agency, political party, or political candidate (collectively, Government Personnel) in exchange for a business favor or when otherwise intended to influence the action taken by any such individual or agency or to gain or retain any competitive or improper business advantage. It is very important to know that the prohibitions of the FCPA apply to actions taken by all employees and by all outside parties engaged directly or indirectly by the Company (e.g., consultants, professional advisers, etc.). While the FCPA does, in certain limited circumstances, allow nominal “facilitating payments” to be made, given the

complexity of the FCPA and the severe penalties associated with its violation, all employees and outside parties engaged by the company must comply with the Company’s FCPA policy and contact the legal counsel or compliance representative with any questions concerning the Company’s and their obligations under the FCPA or concerning any transaction which may be in violation of the FCPA; any other federal, state, local, or foreign law or regulation; or this Code.

Suppliers will not pay bribes or engage in corrupt practices in order to advance BELLA+CANVAS business interests. This includes, directly or indirectly, offering, promising to pay or authorizing the payment of money or anything of value to local government officials, political parties, candidates for political office or private individuals for the purpose of influencing the acts or decisions of government officials or other individuals.

## COMPETITION AND FAIR DEALING

We seek to fairly and honestly outperform our competition. We seek competitive advantages through superior work effort—never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner’s consent, or inducing such disclosures by past or present employees of other companies is prohibited and potentially illegal. Each employee, officer and supplier should endeavor to respect the rights of and deal fairly with BELLA+CANVAS’s customers, suppliers, competitors and employees. No employee, officer or supplier should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other illegal trade practice.

Suppliers will comply with all applicable laws and regulations regarding fair competition and antitrust.

## **GIFT, FAVOR AND ENTERTAINMENT**

In many industries and countries, gifts and entertainment are used to strengthen business relationships. Throughout the world, one principle is common and clear: no gift, favor or entertainment should be provided or accepted if it will obligate or appear to obligate the recipient. Gifts or entertainment may be provided if they are reasonable complements to business relationships, or of modest value, and, in any event, not against the law.

No gift, favors or entertainment should ever be offered, given, requested, provided or accepted by any Company employee or officer, family member of an employee, officer or agent unless it (1) is not a cash gift; (2) is consistent with customary business practices; (3) is reasonable in fair market value; (4) cannot be construed as a bribe or payoff; and (5) does not violate any laws, regulations or applicable policies of the other party's organization.

## **CONFLICT OF INTEREST**

BELLA+CANVAS expects business decisions to be made in the best interest of the company.

Any situation that creates or appears to create a conflict between personal interests and the interests of BELLA+CANVAS must be avoided. A conflict of interest may arise when doing business with an organization that employs or is partially or fully owned by a BELLA+CANVAS employee or an employee's family members or close personal friends.

Suppliers must disclose actual or potential conflicts of interest to BELLA+CANVAS management.

## **CONFIDENTIAL INFORMATION**

Employees, officers, and suppliers must maintain the confidentiality of proprietary information entrusted to them by BELLA+CANVAS or its customers or suppliers, except when disclosure is authorized in writing by the chief financial officer or required by laws or regulations. Proprietary information includes all non-public information of BELLA+CANVAS. Disclosing such information might be of use to competitors or harmful to BELLA+CANVAS or its customers or suppliers if disclosed.

Information that has been made public by the BELLA+CANVAS, such as press releases, news articles, or advertisements, is not considered confidential and does not require protection.

It is the responsibility of each of us to use discretion in handling BELLA+CANVAS information so that we do not inadvertently reveal confidential information to competitors, vendors, suppliers, friends and/or family members. If you are unsure about whether certain information is confidential, presume that it is. The obligation to preserve proprietary information continues even after employment or business relations ends.



# Grievance mechanisms

BELLA+CANVAS and its suppliers are committed to providing workers with a decent, respectful, and safe workplace environment, and workers are in the best position to inform us when their workplace either meets or does not meet these standards. Thus, it is critical that workers have access to effective methods that allow them to communicate their concerns and recommendations.

## GUIDELINES

### 1. Employee Grievance Mechanisms

Employers shall have a system allowing for worker and management communication that is clear and transparent. This system shall enable and facilitate workers to consult with and participate actively with management on workplace issues. For example, this might include suggestion boxes, workers committees, designated spaces for worker meetings, and meetings between management and workers' representatives.

### 2. Confidential Grievances Mechanisms

There shall be a procedure for workers to report freely any concerns and grievances in a confidential and anonymous manner. Retaliation shall not be imposed upon workers who use grievance mechanisms.

### 3. Grievances Settlement

Employers shall have documented procedures that allow for direct settlement of grievances between a worker and their immediate supervisor. If the process is not effective or otherwise not appropriate, there should be other similar options for senior management review and consideration, depending on the nature of the grievance and the structure and size of the enterprise. Management shall assure that timely responses are provided to aggrieved workers.

### 4. Employee Grievances Mechanisms Training

Employers shall appropriately inform workers of the grievance procedures and applicable rules so that there are no issues or concerns on the part of the workers.

## EXAMPLES

The following are examples of grievance mechanisms that may be fit your company. This is neither an exclusive nor exhaustive list, and it is encouraged to explore other systems and tools.

### Open Door Policy

This is a communication policy in which a supervisor, manager, or high-level executive leaves their office door "open" and encourages employees to speak with them directly. As the term implies, employees are encouraged to stop by whenever they feel the need to meet and ask questions, offer suggestions, and address problems or concerns in the workplace.

### Worker Committee with Elected Representatives

These committees consist of a cross-section of workers and managers from different departments where the workers have been

elected by their peers to serve for a limited term. The worker representatives meet on a regular and as-needed basis with the other workers, thereby, being available for workers to share any concerns or suggestions. The representatives will then report back to management and discuss areas for improvement.

As worker committees are meant to represent workers, it is critical then that workers are aware of how the committee operates. A communication board should post who the members of the committee are, how to file a grievance with the committee, what happens after a grievance is received, and any resolutions attained.

### **Written Forms of Grievance Mechanisms**

A suggestion box can come in several forms especially now with a variety of digital technology available. While the concept of a suggestion box is simple, it is not an effective means if a facility has workers with low literacy levels. An alternative mechanism would need to be considered.

The following are several written forms of grievance mechanisms from basic to sophisticated:

- Suggestion box: a secure physical box where workers can drop their written suggestions and remain anonymous
- Postal mail
- Fax
- Email
- Web-based platform (this relies on the internet and can be housed in the company's intranet or with a third party)

### **Phone Line (“Hotline”)**

Phone numbers are set up to allow employees to anonymously file a complaint. Hotlines are commonly routed to an independent hotline service, a union, a worker committee, or to the

human resources department at the company. The phoneline can also be set up so that the caller is asked to leave a message and that a designated person will follow-up. In all cases, the phone call must be free of charge.

# Migrant workers

## INTRODUCTION

The growing pace of economic globalization has created more migrant workers than ever before. Unemployment and increasing poverty have prompted many workers in developing countries to seek work elsewhere. In industrialized countries, demand for labor, especially unskilled labor, has increased, and it is estimated that 73 percent of those migrating are workers. As a result, millions of workers and their families travel to regions or countries other than their own to find work.

The ILO estimates there are at present approximately 244 million migrants around the world, representing 3.3 percent of the global population. Women make up almost half of migrants. Migrant workers contribute to the economies of their host countries, and the remittances they send home help to boost the economies of their countries of origin. Yet, migrant workers often suffer from inadequate social protections and are vulnerable to exploitation and human trafficking.

International labor standards apply to all workers, including migrant workers. In addition, the subject of migrant labor is covered in the following ILO conventions:

- Convention 97 (1949), which aims to secure no less favorable treatment to migrant workers in a regular situation as compared to nationals, to enhance cooperation

between member States, and to provide guidance on general protection measures and on the conditions in which labor migration should take place.

Recommendation 86 provides further guidance.

- Convention 143 (1975) supplements these provisions, aiming: (i) to prevent irregular migration including the unlawful employment of migrant workers, (ii) to ensure respect for the basic human rights of all migrant workers, including migrant workers in an irregular situation, and (iii) to guarantee equality of opportunity and treatment to migrant workers in a regular situation.<sup>24</sup> Recommendation 151 (1975) provides further guidance.

## POLICY AND PROCEDURE

At BELLA+CANVAS we recognize our commitment to internationally recognize and respect migrant workers' rights in our own operations, joint ventures of which we are a party, and at those of our business partners, including contractors, supplier, and agents. These rights extend to workers during recruitment, employment and termination.

As a signatory of the American Apparel & Footwear Association (AAFA)/FLA Apparel & Footwear Industry Commitment to Responsible Recruitment,<sup>25</sup> we are committed to the fair treatment of workers in the apparel, footwear, and travel goods supply chains. One important part of this ongoing effort is working together to eliminate conditions that can lead to forced labor in the countries from which we source products.

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<sup>24</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/--relconf/documents/meetingdocument/wcms\\_453898.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/--relconf/documents/meetingdocument/wcms_453898.pdf)

<sup>25</sup> [https://www.aafaglobal.org/AAFA/Solutions\\_Pages/Commitment\\_to\\_Responsible\\_Recruitment](https://www.aafaglobal.org/AAFA/Solutions_Pages/Commitment_to_Responsible_Recruitment)

We commit to work with our global supply chain partners to create conditions so that:

- No workers pay for their job;
- Workers receive a timely refund of fees and costs paid to obtain or maintain their job;
- Workers retain control of their travel documents and have full freedom of movement; and
- All workers are informed, in a language they understand, of the basic terms of their employment before leaving their country of origin.

As a condition of doing business with BELLA+CANVAS, business partners including contractors, suppliers, factories and facilities are required to comply with all applicable national and local labor laws and regulations. If the law and guidelines within this policy conflict, suppliers and their facilities should comply with the stricter standard. This policy applies equally to both foreign and internal/domestic migrant workers.

Facilities must ensure that all legal requirements of the sending and receiving country governments will be met during the recruitment process before the actual process is initiated. Due diligence must confirm that labor agents are legally registered and permitted to recruit workers. The process for recruiting and hiring foreign migrant workers shall fully cover any items that the workers may need to migrate and work legally.

## LABOR GUIDELINES

Suppliers must acknowledge and comply the BELLA+CANVAS Workplace Code of Conduct and the *Social Compliance Manual's* Compliance Guidelines. Specifically with respect to migrant workers, suppliers must acknowledge and comply with all the following summary guidelines:

## Recruitment

- When hiring foreign or domestic migrant workers, the factory shall only use recruitment agents that are legally licensed to recruit workers ethically as laid out in these guidelines.
- The employer must be actively involved in the recruitment process when using recruitment agencies. The employer will perform appropriate due diligence and be knowledgeable about the practices of the recruitment agencies (i.e., the recruitment agencies are not to use sub-agents).
- The employer shall pay all recruitment agents used for services or hiring foreign or domestic migrant workers to ensure that these costs are not passed on to workers. Foreign or domestic migrant workers shall not pay any fees in conjunction with their recruitment and hiring, either directly or indirectly, in whole or in part, either to the factory or to recruitment agents.

## EMPLOYMENT

- Prior to deployment from their home countries, home regions, or previous location of residence, workers shall be given a contract of employment that accurately and comprehensively describes the workplace, the employment position, and the terms and conditions of work. Contract provided must be written and communicated in the native language of the worker and the native language of the factory.
- All wages and additional forms of compensation must be released to workers directly, via direct deposit to a bank account to which the worker has exclusive control and must not withhold any monies from their pay other than the legitimate government withholding requirements. Foreign or domestic migrant worker

compensation must not be channeled through a labor agent.

- All foreign or domestic migrant workers shall maintain custody of their own personal identity documents whenever they are not immediately needed to meet a pertinent legal requirement.
- The employer must provide the migrant workers with a locked and secure storage space to keep their passports, personal documents, and travel documents. The employer must always allow the migrant workers to have full access to their passports and other personal legal documents.
- Workers must have full freedom of movement, without restrictions on leaving factory or dormitories/hostel premises.

## Termination

Foreign migrant workers shall be provided with logistical and monetary assistance, covering the expense of travel, in returning to their home country at the end of their employment, or when the employment relationship is otherwise terminated.

## Recordkeeping

The factory shall maintain comprehensive and adequately filed records of the entire employment lifecycle, including recruitment, onboarding, employment, discipline, and termination/contract conclusion. All record keeping shall be for a length of time such that these are available for a minimum of three years after the worker returns to his or her home country.

## DORMITORY GUIDELINES

Where dormitories (including hostels or other residential facilities for workers) are provided by the employer, or in situations where employers

direct workers to live in specific buildings, such buildings must meet the BELLA+CANVAS Workplace Code of Conduct, the *Social Compliance Manual's* Compliance Guidelines, and all applicable laws and regulations pertaining to freedom of movement and health, safety, and environment. In addition to the *Social Compliance Manual's* Compliance Guidelines HS.25 (Dormitory Facilities) and HS.26 (Dormitory Separate from Production Facilities), suppliers employing migrant workers must acknowledge and comply with the following guidelines:

### Dormitory Buildings

- Dormitory buildings must be constructed and maintained in accordance with local laws and relevant health and safety regulations.
- The physical conditions of dormitory buildings and their surroundings, such as walls, floors, sidewalks, etc. must be well maintained.
- Dormitories must be in buildings separated from the workplace and warehouse although they may be in the same industrial park. Three-in-one building (dormitory, warehouse, and workplace) and two-in-one building (dormitory and warehouse, dormitory and workplace) are strictly prohibited.
- There must be adequate ventilation (including screens for windows) and adequate lighting throughout the dormitory.
- Freedom of movement of dormitory residents must not be unreasonably restricted given the legitimate concerns for their safety.
- There must be at least one full-time, dedicated dormitory cleaning/ maintenance person for every 250 residents. Dormitory rooms and common areas must be cleaned daily. Cleaning records must be kept for at least three months.

- Interiors of dormitories and rooms shall be repainted / renovated once every 24 months.

## Fire Safety

- Dormitories must have at least two unobstructed emergency exits per floor that lead to a safe location. These exits must be located at opposite end. Each resident at any location of the dormitory should have access to more than one fire exit.
- Post clearly visible evacuation plans in prominent locations on each floor.
- Clearly mark all emergency exits and keep them unobstructed and unlocked. Exit doors must open outwards and be unlocked from the inside.
- Ensure emergency escapes (for example: staircases) are safe and clear.
- Provide appropriate fire safety equipment in accordance with local laws and regulations (for example: emergency lighting, extinguishers, sprinklers, etc.). In the absence of local laws and regulations, sufficient fire safety equipment must be placed throughout the dormitory to prevent a fire outbreak. All sleeping rooms shall be equipped with an operating smoke detector. A fire extinguisher must be located within 50 feet of every sleeping room, and one in every employee self-cooking kitchen.
- All fire safety equipment and fixtures should be in good and functioning conditions. A responsible person should be assigned to perform monthly checking.
- Place fire safety equipment in locations that are easily accessible to residents and keep them unblocked.
- Ensure workers are properly trained to operate fire safety equipment.
- Emergency evacuation and fire drills must be conducted at least twice a year so that

residents are familiar with evacuation procedures.

- Smoking is strictly prohibited in sleeping rooms.

## Dormitory Room Density

- Provide separate sleeping accommodations for male, female, and married couples with adequate privacy.
- Provide at least three square meters of floor space in the dormitory room for each occupant and ensure adequate privacy.
- Beds shall include a mattress and should be separated and not shared (except married couples). Beds shall be at least twelve inches above the floor.
- Under no circumstances shall there be more than eight persons per sleeping room.

## Other Facilities in Dormitory Building

- Provide hot and cold running water for shower room. Shower rooms should be separated to provide adequate privacy, and they should be marked and separated by gender.
- The number of shower room and toilet in the dormitory should be built in accordance with local laws. If there is no explicit requirement, at least one toilet and shower room is provided for every 15 residents. Toilet paper shall be provided.
- Shower rooms and toilets should be clean, well maintained. They should be separated by gender to ensure adequate privacy. Shower rooms could be separated from sleeping rooms but no more than 200 feet away.
- Provide clean and accessible drinking/potable water.



- Provide first aid kits and ensure the accessibility for residents.
- Provide clean, adequate, and accessible self-cooking kitchen and laundry facilities for residents.
- Dormitories should be adequately ventilated, heated, and cooled.

**Remark:**

The guidelines are to be applied to the dormitories that are fully owned or leased by the factory. These guidelines are also applicable to the leased dormitories, which are indirectly managed through an outsourced building-management company. This includes dormitories which are not owned by the factory management but in which workers are directed to live.

# Responsible retrenchment, exit, and closure

## BELLA+CANVAS'S COMMITMENT

As both an owner of manufacturing facilities and a buyer from contracted factories and other suppliers, BELLA+CANVAS understands the responsibility of employing production workers and the sensitivity with which those relationships must be treated, especially when difficult decisions must be made. Retrenchment or termination of employees is never an easy decision, but at times, they become necessary actions. We aim to have fair, objective and transparent policies and processes for retrenchment and closure within our own facilities. We seek to keep workers at the center of such decision-making to ensure that they are treated with respect, that they are paid all owed wages, benefits, and severance, and that we make every effort to help them transition to new opportunities. We expect the same of our contract manufacturing partners.

BELLA+CANVAS's objective when sourcing production is to establish long-term partnerships with our suppliers. However, changes in the scope of the company activities resulting from technological changes, economic factors, restructuring/re-organization, and operational

rationalization are often accompanied by changing staffing requirements. In certain instances, this may result in workforce reduction or closure. If we must exit a business relationship, BELLA+CANVAS will provide adequate notice of the exit plan and timeline, based on an analysis of the BELLA+CANVAS business as a percentage of the factory's production capacity, so that the factory has sufficient time to identify other business partners to fill production lines and minimize the possibility of retrenchment. If contract factories must retrench workers or close, we expect that they have established fair, objective, and transparent policies and procedures, similar to those of BELLA+CANVAS, which will facilitate respectful termination processes for workers. As such, seeking existence of retrenchment policies is part of BELLA+CANVAS pre-sourcing and annual social compliance audits.

The following are steps that we take in our owned and JV facilities and, commonly, that we expect our suppliers to take as well, if retrenchment and/or factory closure become necessary:

1. The employer<sup>26</sup> shall have a written retrenchment and closure policy and related procedures and will provide a copy these documents to the BELLA+CANVAS social compliance representative.
2. The employer shall ensure that a trained professional is responsible for managing any retrenchment or termination of workers.
3. The employer shall ensure laid-off workers are selected objectively. Objective criteria for selecting employees to be laid off must be in writing, in agreement with union representatives if a union is present in the facility, and must not infringe upon

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<sup>26</sup> In this Commitment, "employer" applies to BELLA+CANVAS as well as suppliers.

accepted international and national labor standards nor standards set forth in the BELLA+CANVAS Workplace Code of Conduct, such as union membership or activity, pregnancy, race, sex, age, or religion, among others. Objective criteria, generally accepted to be fair, include local law, length of service, skills, and qualifications. If a collective bargaining agreement is in place, any retrenchment or termination must occur in compliance with that agreement and in consultation with workers' representatives.

4. Employers shall ensure workers receive full and timely payment of all monies owed to them (all wages, unused leaves, social security, severance, retirement, etc.) by the date of termination, in accordance with contract terms, local law, any collectively bargained agreement, and BELLA+CANVAS Social Compliance Guidelines (particularly ER.15 Termination and Retrenchment / Termination Payouts, ER.16 Termination and Retrenchment / Policies and Procedures, C.7 Accurate Length of Service Calculation, C.12 Deposit of Legally Mandated Deductions, and C.21 Legally Mandated Benefits).
5. Workers' representatives and, where relevant, union representatives should be consulted on all aspects of retrenchment and / or factory closure.
6. The employer shall notify workers in advance of the factory closure, both orally and in writing, as soon as an expected closure is confirmed, in accordance with local law, or whichever is sooner.

Communication must include the anticipated closure date and relevant factory policies and procedures surrounding the closure, as well as worker rights and responsibilities under the process.

7. The employer shall ensure that the factory maintains all required and relevant documentation necessary to demonstrate and verify compliance with contract terms and local law for worker wages, worker benefits, and termination practices.
8. The employer will support workers in their transition to potential new opportunities by issuing letters of recommendations, alerting other factories to the available hires, and/or collaborating with local civil society organizations that can help facilitating new employment or enhance employability.
9. The employer will maintain a grievance mechanism<sup>27</sup> and appeal process<sup>28</sup> throughout and following the terminations to enable workers to comment, raise concerns, or dispute their terminations, and so that the workers will receive timely resolutions.
10. While the factory continues to operate, the employer must meet the compliance requirements outlined in the supplier agreement, BELLA+CANVAS Workplace Code of Conduct, and BELLA+CANVAS Social Compliance Manual Guidelines.

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<sup>27</sup> Establishment of grievance mechanisms is detailed in this BELLA+CANVAS Social Compliance Manual under the section heading "Grievance Mechanisms."

<sup>28</sup> The appeals process should be mentioned in any individual or broad communication to workers about retrenchment. The retrenchment process should follow the factory's normal

grievance procedure, which should be fair and transparent, and consider whether (A) the termination was conducted in line with retrenchment policy, (B) that the termination was handled objectively, and (C) all monies owed to the worker have been paid directly and in a timely manner.

## **RELATED POLICIES & PROCEDURES**

The following policies and procedures are maintained by the BELLA+CANVAS Social Compliance Department and distributed to respective partners as relevant:

- ▶ Corporate Retrenchment and Plant Closure Policy,
- ▶ Corporate Retrenchment Procedure,
- ▶ Plant Closure Procedure, and
- ▶ Exit Policy.

# Assessment program

## ACKNOWLEDGEMENT AND ACCEPTANCE CONDITIONS

BELLA+CANVAS expects our suppliers to comply with our Workplace Code of Conduct and fulfill the acknowledgment and acceptance conditions upon which our partnership and business relationship can be built and maintained. While our regular social compliance audit process and ratings - color-coded ratings for facilities - currently focus on cutting and sewing facilities, any facility involved in the production of products, components and materials containing any intellectual property owned by BELLA+CANVAS anywhere in the world, including licensed products, must uphold the BELLA+CANVAS standards described in this manual. This scope also includes but is not limited to warehouses, dye houses, laundries, and mills. All such facilities must uphold the BELLA+CANVAS standards described in this manual, and any such facility may be subject to a social compliance audit or investigation.

The following are critical acknowledgment and acceptance conditions for our suppliers. They include commitments to:

**Transparency:** BELLA+CANVAS expects its own facilities, joint ventures of which we are a party, and those of suppliers, to be completely transparent with us on their ability to comply with our policies, processes, and standards in relation to the implementation of our Workplace Code of Conduct, as well as in undergoing monitoring/audits or special investigations. As such:

1. BELLA+CANVAS facilities and those of suppliers are expected to provide BELLA+CANVAS representatives or Independent External Monitors access to the facilities producing for BELLA+CANVAS, including dormitories and any other areas where workers operate or live.
2. BELLA+CANVAS facilities and those of suppliers are expected to provide BELLA+CANVAS representatives or Independent External Monitors access to complete and accurate business records and documentation relevant to the assessment. Concealed, falsified, or altered records are prohibited from being presented during an audit or investigation. Any attempt to falsify records may result in business consequences.
3. BELLA+CANVAS facilities and those of suppliers must provide BELLA+CANVAS representatives or Independent External Monitors unrestricted access to all employees, regardless of their shift and categories. Instructing or coaching employees on how to respond to questions from monitors prior to or during an assessment or investigation is prohibited.

**Accountability:** BELLA+CANVAS requires accountability from our own facilities, joint ventures of which we are a party, and those of suppliers. This means, that facilities will assume direct or shared responsibility for non-compliance issues, address the issue sustainably and in the most immediate timeframe and implement adequate corrective actions to ensure long-term positive impacts.

1. BELLA+CANVAS-owned facilities, joint ventures of which we are a party, and those of suppliers should train their management team including supervisors on the BELLA+CANVAS Workplace Code of Conduct and encourage responsibility for compliance.

2. BELLA+CANVAS-owned facilities, joint ventures of which we are a party, and those of suppliers should train employees of all categories on their rights and responsibilities regarding the BELLA+CANVAS Workplace Code of Conduct.
3. BELLA+CANVAS-owned facilities, joint ventures of which we are a party, suppliers should train their contractors (such as security, cafeteria, or other non-production service providers) on their responsibilities in terms of accountability and transparency.

**Responsible Sourcing and Purchasing:** As expressed earlier in this manual, BELLA+CANVAS is committed to working with our suppliers, across our global supply chain, to ensure that sourcing and purchasing decisions, and other supporting processes, do not obstruct or conflict with the implementation of the BELLA+CANVAS Workplace Code of Conduct. In that respect, we expect to maintain an effective two-way communication that enables our suppliers to alert us should some of our business practices have a negative impact on working conditions at factory level. If a BELLA+CANVAS supplier believes that BELLA+CANVAS is operating in a manner that prevents the supplier from upholding the BELLA+CANVAS Workplace Code of Conduct, we ask that the supplier contact our Social Compliance team immediately at the addresses mentioned in the next paragraph. We seek open-dialogue and partnership, and no such complaint will result in retaliation against the supplier.

**Grievance mechanisms and non-retaliation:** BELLA+CANVAS expect facilities producing its products to have established functioning grievance mechanisms that enable employees to raise concern safely. BELLA+CANVAS will also make it known that facilities' employees can reach out to our company to raise concerns and that these will be looked into. In addition, after

each assessment, workers at supplier's site have the option to communicate with BELLA+CANVAS through the following email addresses:

[compliance@bellacanvas.com](mailto:compliance@bellacanvas.com)

[cumplimiento@bellacanvas.com](mailto:cumplimiento@bellacanvas.com)

These email addresses are monitored by the BELLA+CANVAS Director of Social Compliance, and information will be kept confidential unless otherwise requested.

Suppliers must not interfere with, discourage, or punish workers for communicating or reporting situations or violations of the Workplace Code of Conduct to BELLA+CANVAS or their worker representatives. Any type of retaliation, including termination, against employees who provide information during assessments is prohibited and will be considered as a Zero Tolerance.

## ASSESSMENT PREPARATION

Receipt of the Factory Audit Request (FAR) form will trigger the initiation of the BELLA+CANVAS Social Compliance authorization process described below:

**Introductory letter:** All factories will be sent the Initial Factory Acknowledgment and Acceptance Conditions Letter and the BELLA+CANVAS Workplace Code of Conduct.

**Assessment fees:** All fees must be paid prior to the scheduling of the assessment or verification (when assessment is conducted by an IEM). WRAP Certifications must be paid by the supplier or licensee.

All facilities MUST undergo a Workplace Code of Conduct assessment and obtain approval BEFORE production begins and must undergo such assessments annually thereafter while engaged in business with BELLA+CANVAS.



## ASSESSMENT PROCESS

All BELLA+CANVAS suppliers or licensees shall permit BELLA+CANVAS to periodically conduct assessments, on an announced, semi-announced, or unannounced basis,<sup>29</sup> for compliance with applicable laws and the BELLA+CANVAS Code of Conduct and the Compliance Guidelines outlined in this Social Compliance Manual.

Included in this manual is an overview of what to expect during the assessment and remediation process, as well as other requirements and acknowledgment and acceptance conditions expectations.

## SELF-ASSESSMENT (PRE-PRODUCTION)

Prior to BELLA+CANVAS authorizing production at a manufacturing facility, a BELLA+CANVAS social compliance representative may request that the facility's management complete the Factory Self-Assessment Questionnaire. This questionnaire helps provide BELLA+CANVAS with information about the facility's familiarity with social compliance standards, audits, and reports. There are no right or wrong answers to the questionnaire, and it will serve as an initial data collection exercise for discussions about the potential of working together.

## ONBOARDING

Once a new facility has been approved to produce BELLA+CANVAS goods, the facility will formally adopt the BELLA+CANVAS Workplace

Code of Conduct and the senior management team will commit to all obligations detailed in this manual.

Within the first month of being approved for production, the facility will post the BELLA+CANVAS Workplace Code of Conduct prominently throughout the factory. The facility will roll out the BELLA+CANVAS Workplace Code of Conduct throughout its entire workforce within the three months following the signature of the product supply agreement. If the facility can demonstrate that it is already producing for a company that is a member of the FLA and have already trained its workforce, the training requirement may be waived.

## ASSESSMENT WORKFLOW

Each assessment will include the following:

**Opening Meeting:** The objective is to obtain the basic information of the facility and employee profiles before detailed on-site assessment is performed. Key factory senior management, including the owner or CEO/President, representatives from Human Resources, Operations, Production, Compliance, etc., as well as unions (if (a) union(s) is/are present in the facility) should be present in order for the auditors to properly make introductions and explain overall assessment roles and objectives and confirm logistical aspects of the visit.

**Management Interviews (including Administrative/Clerical Staff):** These interviews start during the opening meeting and should continue right after the opening meeting or the walk-through in order to gather information crucial to the assessment process. Interviews

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<sup>29</sup> "Announced" means the assessment is at a mutually convenient date agreed with employment site, "Semi-announced" means that the employment site is aware that

an assessment will take place during a given time period but that the actual date of assessment is not communicated, and "Unannounced" means that the employment site has no prior warning of the assessment.

should take place with Plant Manager, Human Resources Manager, Health and Safety Manager, Social Compliance Manager, Production Manager, and administrative/clerical and other key staff deemed relevant.

**Facility Walkthrough:** To ensure all health & safety, environmental, security and other requirements are fulfilled and documented appropriately. Tour must include factory complex including all buildings (production, warehouses, offices, etc.), eating areas, and dormitories (if any). Facility management is to provide floor plan and participate in tour with auditors.

**Worker Interviews:** The objective of employee interviews is to obtain first-hand, relevant information that will allow the auditor to evaluate the accuracy of the documentary information obtained and to identify potential issues that were not found in other parts of the assessment. Interviews are confidential and could be individual or in groups. Monitors will decide whom to interview and will talk to them in private in an area remote from the company offices.

**Documentation Review:** The objective is to complete a review of key documents related to human resources, factory regulations, wages, hours, benefits, health and safety, and environmental practices.

**Closing Meeting:** A closing meeting with the same representatives present at the opening meeting shall be held at the end of the assessment in order to share preliminary findings. The owner or general manager or her/his representative who has decision-making power and the authority to sign off on the summary of findings should attend. The auditor will discuss at high level all noncompliance's found during the assessment as well as good practices identified with senior factory management. Auditors will handle confidential information gathered through workers' interviews with the utmost care.

**Corrective Action Plan:** A copy of the draft noncompliance findings and Corrective Action Plan (CAP) will be left with the factory management, and factory management will be asked to sign it as an acknowledgement of receipt. Management will be allowed the opportunity to explain why a finding exists or explain why they may not agree with a finding and document their objection on the assessment report. The factory is welcome to add any comments to be included in the CAP. Following the visit, and as soon as auditors have reviewed and analyzed findings against their notes in further depth, they will finalize the CAP report and provide it to the factory.

## ZERO TOLERANCE ISSUES

Violation of Zero Tolerance issues pose high risk to the safety of workers and the trust between BELLA+CANVAS and our supply chain partners. Any breach of Zero Tolerance issues demands immediate remediation and may result in termination of the business relationship. Below is a comprehensive list of these items.

### BUSINESS LICENSE TO OPERATE

Each BELLA+CANVAS business partner must be in possession of a valid license to operate.

### HARASSMENT OR ABUSE

Employees may not be subjected to any form of physical or sexual harassment/abuse.

BELLA+CANVAS representatives, including both staff, third-party auditors, or other relevant parties, may not be subjected harassment or abuse, including any mistreatment or threats.

### FORCED LABOR AND HUMAN TRAFFICKING

Businesses may not use any form of forced or involuntary labor whether bonded, prison, or indentured, or withhold workers' passports or other personal identification.

**CHILD LABOR**

No employee may be hired who is under (1) 15 years of age, (2) the age for completion of compulsory education, or (3) the minimum age established by local law, whichever is greater.

**FREEDOM OF ASSOCIATION**

Factory management may not interfere with any formation of a union or operations of a union.

**HEALTH & SAFETY**

Any building where BELLA+CANVAS products are being handled, produced, stored, and dormitories/hostels where workers connected to our products are accommodated, whether owned or leased by an BELLA+CANVAS business partner must have a valid building safety inspection certificate.

Buildings may not exhibit any structural conditions that may cause injuries or death.

Employees MUST have access to at least two (2) separately located emergency exits at all times.

Emergency exit doors MUST be kept unlocked when the factory.

There MUST be an adequate number of fire extinguishers (employees must not walk more than 50 feet to get to one or as required by local law).

Fire extinguishers MUST be properly installed, clearly marked, easily accessible, and properly inspected.

**COMPENSATION**

BELLA+CANVAS business partners MUST pay at least the local legal minimum wage.

**DENIAL OF ACCESS**

BELLA+CANVAS suppliers must not deny access to an auditor employed or contracted by BELLA+CANVAS, or to auditors hired by the Fair Labor Association (FLA) who are auditing BELLA+CANVAS supply chain.

**UNAUTHORIZED SUBCONTRACTING OR PRODUCTION**

BELLA+CANVAS suppliers may not subcontract any production of BELLA+CANVAS orders without written authorization from BELLA+CANVAS.

Suppliers may not engage in any counterfeiting or otherwise unauthorized production of BELLA+CANVAS products.

**BRIBERY**

No bribes shall be offered or paid to an BELLA+CANVAS auditor or representative.

**COMPLIANCE RATINGS**

At time of publication, Compliance Ratings are issued specifically to BELLA+CANVAS-owned factories, joint ventures of which we are a party, and contracted factories that conduct or that may conduct cutting or sewing operations. Each such manufacturing facility earns a color-coded Compliance Rating based on its most recent social compliance assessment. That Compliance Rating signifies performance to compliance teams, production teams, and leadership at BELLA+CANVAS and the respective manufacturer. The Compliance Rating also indicates whether or not BELLA+CANVAS production may be placed at the factory and when a subsequent assessment will occur. The following table details BELLA+CANVAS Compliance Ratings.

COMPLIANCE CATEGORY	IMPACT	FOLLOW-UP
<b>GREEN</b> Score between 90%-100%	<b>Authorized for production</b> <ul style="list-style-type: none"> <li>Factory meets/exceeds Code standards.</li> <li>BELLA+CANVAS Divisions are encouraged to place business.</li> </ul>	<ul style="list-style-type: none"> <li>No follow-up visit required</li> <li>12-month cycle assessments</li> </ul>
<b>YELLOW</b> Score between 70%-89%	<b>Authorized for production</b> <ul style="list-style-type: none"> <li>Factory meets minimum Code requirements to enter into a business relationship with BELLA+CANVAS. There are little to no “Major” noncompliance findings, particularly with regards to wages, building safety, working hours, and industrial relations.</li> <li>Factory is transparent and is making continuous improvements.</li> <li>BELLA+CANVAS Divisions are encouraged to place business.</li> </ul>	<ul style="list-style-type: none"> <li>Follow-up desktop review</li> <li>6-12-month cycle assessments</li> </ul>
<b>ORANGE</b> Score between 51%-69%	<b>Authorized for production exercising vigilance and caution</b> <ul style="list-style-type: none"> <li>Factory has “Major” noncompliance findings, which may include lack of transparency and a lack of commitment to continuous improvement. Factory has two chances to demonstrate progress before moving to the red category.</li> <li>BELLA+CANVAS Divisions may place orders while reinforcing the importance of compliance and making continuous improvements against a plan.</li> </ul>	<ul style="list-style-type: none"> <li>Follow-up visit required</li> <li>3-6-month cycle assessments</li> </ul>
<b>RED</b> Score below 50% or with 1 or more Zero Tolerance	<b>Not authorized for production</b> <ul style="list-style-type: none"> <li>Factory has one or more Zero Tolerance Issues.</li> <li>Factory has not demonstrated commitment or transparency, or otherwise failed to demonstrate progress to move out of Orange category.</li> <li>An existing Purchase Order may be completed but no new Purchase Orders will be placed.</li> <li>Factory will not be considered for future business for 12 months. On an exceptional basis, the factory may apply for a re-evaluation sooner if they can present compelling evidence of effective remediation.</li> </ul> <p><b>For owned facilities or joint ventures of which we are a party, in the event of a Red rating, reports will be submitted directly to the President. Within 10 business days of the assessment report, facility managers must establish an action plan, which must be approved by the President, and HR and Social Compliance Directors.</b></p>	<ul style="list-style-type: none"> <li>No follow-up required for prospective (new) factories</li> <li>Immediate (1-month) follow-up required for suppliers currently working for BELLA+CANVAS</li> <li>Follow-up required for owned or JV facilities. 1-month assessment cycle</li> </ul>

## POST-ASSESSMENT WORK

The post-assessment process includes a review of the assessment findings, rating application and communication to the supplier of the final findings, rating, and guidance for remediation next steps.

Once the report is finalized by BELLA+CANVAS, all findings and all necessary corrective actions will be available to the factory. After the final report is received by the factory (within 30 days of the assessment), factory management must develop a realistic timeline for completion of corrective/preventive actions in the form a corrective action plan (CAP). For those issues that may require extended periods of time to resolve, BELLA+CANVAS Social Compliance Team expects the factory management to work with us to co-develop a plan for incremental improvement.

**Root Cause Analysis (RCA):** BELLA+CANVAS expects that an RCA of each finding be conducted by the management team and anyone else from the facility who might help identify the root cause and propose sustainable solutions for a particular finding. This includes supervisors and workers. Further instructions on conducting RCA

are included in Appendix Three: Remediation Protocol.

**Follow-up timeline and actions:** The supplier will be required to submit a CAP to BELLA+CANVAS Social Compliance within 14 calendar days after receiving the Assessment Report and a verification assessment must take place within the timeframe defined by the factory rating or Social Compliance team.

- If Zero Tolerance issues are identified, BELLA+CANVAS reserves the right to immediately cease all business with the factory.
- If the same Major issue is repeatedly identified without evidence of appropriate corrective action, BELLA+CANVAS reserves the right to cease business with the factory or take other appropriate remedial measure.
- Implement all corrective/preventive action plans by the designated due date.
- When measures are implemented, you must mark it as “completed” in the CAP and include the necessary evidence of completion.

# Acknowledgement of receipt and understanding

I have read and fully understand the BELLA+CANVAS Social Compliance Manual and certify that we will be in compliance with these terms. I will ensure that the BELLA+CANVAS Workplace Code of Conduct and Compliance Guidelines are followed and made available to employees by communicating it to them.

Company Name:

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(Print)

Address:

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Representative:

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(Signature)

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(Print Representative Name)

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(Title)

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(Date)

# Appendix one: contact information

NAME	EMAIL	OFFICE	MOBILE	RESPONSIBILITY
Norm Hullinger	<a href="mailto:Norm.Hullinger@aloyoga.com">Norm.Hullinger@aloyoga.com</a>	1-734-674-0423		President, BELLA+CANVAS
Javier Echeverria	<a href="mailto:Javier.Echeverria@bellacanvas.com">Javier.Echeverria@bellacanvas.com</a>	1-323-500-3112		Corporate Head of Apparel and Production, BELLA+CANVAS
Max Mauser	<a href="mailto:Max.Mauser@aloyoga.com">Max.Mauser@aloyoga.com</a>	1-818-237-7303		Head of Global Human Resource, BELLA+CANVAS
Alejandro Caldera	<a href="mailto:Alejandro.Caldera@bellacanvas.com">Alejandro.Caldera@bellacanvas.com</a>	1-718-285-6690	001-504-9755-62-90	Director Corporate Social Compliance, BELLA+CANVAS



# Appendix two: definitions

Most BELLA+CANVAS definitions are drawn directly from the FLA Code Compliance Benchmarks Glossary of Terms and slightly edited for consistency, ease of reference, and expanded as needed for comprehensiveness. The exact FLA Code Compliance Benchmarks can be found at the following link:

<https://www.fairlabor.org/accountability/standards/manufacturing/mfg-code/>

**BASIC NEEDS.** The minimum necessary for a worker and two dependents to have access to resources, including food, safe drinking water, clothing, shelter, energy, transportation, education, sanitation facilities, access to health care services, and other essential needs including provisions for unexpected events. Where internationally recognized living wage benchmarks are available (such as the regionally specific Anker research methodology<sup>30</sup>), a more specific family size is utilized.

**BENEFIT.** Remuneration in cash or in kind, in addition to payment for work done. This takes the form of holidays or leave with pay, social security benefits, medical care, health services, various allowances and bonuses, and housing, educational or recreational facilities. Additional benefits may be granted by the employer, either on their own initiative or as a result of collective bargaining. Not all legally mandated benefits or contributions can be included when evaluating workers' compensation against internationally recognized living wage benchmarks.

**COMPLY / COMPLIANCE.** To meet local labor laws and regulations, collective agreements (where they exist), applicable codes of conduct, international labor standards, including aspects of human rights that extend beyond the bounds of labor standards.

**COMPENSATION.** Total remuneration, in cash and in kind, payable by the employer to an employee in return for work done by the latter during a specific pay period. Compensation of employees has two main components:

- a) Wages and salaries payable in cash and/or direct or electronic deposit.
- b) The amount of benefits payable by employers.

**CONTINUOUS IMPROVEMENT.** An operational philosophy based on the premise that performance improvement is the ongoing responsibility of everyone in the organization.

**CORRECTIVE ACTION PLAN.** A plan established to remove the causes of an existing non-conformity or undesirable situation. The corrective action process is designed to prevent the recurrence of nonconformities or undesirable situations. It tries to prevent recurrence by eliminating causes. Corrective actions address actual problems.

**DISCRETIONARY INCOME.** The remaining income of a worker after taxes, legal deductions, and basic needs expenses.

**EXCEPTIONAL CIRCUMSTANCES.** Events or circumstances which substantially disrupt production and which are out of the ordinary and out of the control of the employer, including earthquakes, floods, fires, national emergencies, force majeure, or periods of prolonged political instability. The definition does not include peak

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<sup>30</sup> Anker, R., & Anker, M. (2017). Living Wages Around the World: Manual for Measurement. Edward Elgar Pub.

production periods, which can be planned for, or holidays or seasonal fluctuations.

**EMPLOYEES.** All men and women directly employed or contracted by an employer, including executives, managers, supervisors, and workers.

**EMPLOYER.** A person or institution that has the authority to sign contracts, including employment contracts and to hire and dismiss persons in the workplace. Employers offer wages or a salary to workers in exchange for the workers' work or labor. Employers are responsible for implementing the BELLA+CANVAS Code of Conduct in all facilities manufacturing products for BELLA+CANVAS.

**EMPLOYMENT AGENCY.** Any person or entity, independent of the public authorities, which provides services for matching offers of and applications for employment and other services relating to job seeking, such as the provision of information, or which employs workers with a view to making them available to a third party.

**EMPLOYMENT DECISION.** Employment decisions include: hiring; termination; job security; job assignment; compensation; promotion; downgrading; transfer; (vocational) training; discipline; and assignment of work and conditions of work including hours of work, rest periods, and occupational safety and health measures.

**EMPLOYMENT FEES.** All costs associated with the recruitment, compensation, training, and ongoing employment of a worker. These may include but are not limited to: recruitment fees and related costs, as well as illegitimate costs, legal filing fees, registration fees, social security, training costs, health examination costs, and personal protective equipment costs.

**GRIEVANCE MECHANISM.** The channel of communication (and associated processes) available to individuals or organizations to report concerns, within a formal process that offers them protection from retribution.

## HARASSMENT AND ABUSE

**Harassment** is any improper and unwelcome conduct that might reasonably be expected or be perceived to cause offence or humiliation to another person. Harassment may take the form of words, gestures or actions which tend to annoy, alarm, abuse, demean, intimidate, belittle, humiliate or embarrass another or which create an intimidating, hostile or offensive work environment. Harassment normally implies a series of incidents. Disagreement on work performance or on other work-related issues is normally not considered harassment and is usually dealt in the context of performance management.

**Verbal harassment** can be an ongoing battle of destruction that threatens your health and career. It consists of demeaning remarks, offensive gestures and unreasonable criticism. It can involve insults, slurs, unwanted "jokes" and hurtful comments. Verbal harassment can be difficult to recognize and is often a gray area, since it is a nonphysical form of violence.

**Psychological harassment** is similar to verbal harassment, but it is more covert and consists of exclusionary tactics, like withholding information. These actions are intended to mentally break down the victim, chip away at their self-esteem, and undermine them.

**Digital harassment** (cyberbullying) - Even though digital harassment is online, it can be just as detrimental as in-person bullying. It is the newest form of harassment and occurs across many outlets.

**Physical harassment** in the workplace can vary in degrees. It can include simple unwanted gestures like touching an employee's clothing, hair, face, or skin, or more severe gestures like physical assault, threats of violence, and damage to personal property.

**Sexual harassment** is any unwelcome sexual advance, request for sexual favor, verbal or physical conduct or gesture of a sexual nature, or

any other behavior of a sexual nature that might reasonably be expected or be perceived to cause offence or humiliation to another, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. While typically involving a pattern of behavior, it can take the form of a single incident. Sexual harassment may occur between persons of the opposite or same sex. Both males and females can be either the victims or the offenders.

**Abuse of authority** is the improper use of a position of influence, power or authority against another person. This is particularly serious when a person uses his or her influence, power or authority to improperly influence the career or employment conditions of another, including, but not limited to, appointment, assignment, contract renewal, performance evaluation or promotion. Abuse of authority may also include conduct that creates a hostile or offensive work environment, which includes, but is not limited to, the use of intimidation, threats, blackmail or coercion. Discrimination and harassment, including sexual harassment, are particularly serious when accompanied by abuse of authority.

**HOTLINE.** A telephone line that gives quick and direct access to a source of information or help.

**HUMAN TRAFFICKING.** Recruitment, transportation, harboring, or receipt of people for the purposes of slavery, forced labor (including bonded labor or debt bondage), or servitude.

**INTERNATIONALLY RECOGNIZED OVERTIME RATE.** The internationally recognized rate of pay for work beyond regular hours. ILO Convention 30, Hours of Work (Commerce and Offices) Convention, Article 7.4, establishes such rate at

no less than one-and-a-quarter times the regular rate.

**INTERNATIONAL STANDARDS.** Practices and requirements recommended by relevant international industry associations, health and safety organizations, or inter-governmental bodies (e.g. ILO, OECD, UN, the international hazard communication standards, etc.).

**LIVING WAGE.** The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and their family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.<sup>31</sup>

**MANAGEMENT.** Person or persons appointed by the owners or directors of an applicable facility to supervise or manage its operations.

## NONCOMPLIANCE

**Noncompliance.** A specific breach of the standard or code against which the facility was audited.

**Minor noncompliance finding.** An occasional or isolated problem; an issue which presents a low risk to workers and those individuals on-site; a policy issue or misunderstanding where there is no evidence of a material breach.

**Major noncompliance finding.** A breach which represents a danger to workers or those individuals on-site; a material breach of a code requirement or law; a systematic violation of a code requirement or law.

**Zero tolerance noncompliance finding.** An issue that poses high risk to the safety of workers (including but not limited to risk to life and limb)

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<sup>31</sup> <https://www.globallivingwage.org/about/what-is-a-living-wage/>

and the trust between BELLA+CANVAS and our supply chain partners. (Any breach of Zero Tolerance issues demands immediate remediation and may result in termination of the business relationship.)

**PIECEWORK.** Method of wage payment based on the number of units produced, or any work for which piece rates are paid.

**PIECE RATE.** Predetermined amount paid per unit of output to worker under a piecework incentive plan.

**PRECARIOUS EMPLOYMENT.** Work arrangement where employment security, which is considered one of the principal elements of the labor contract, is lacking. This term encompasses temporary and fixed-term labor contracts, home workers, contract workers, and contingent workers.

**RETRENCHMENT.** The permanent dismissal of an employee or employees in order to reduce the workforce.

**SUPPLIERS.** Any company / facility involved in the production of products, components and materials containing any intellectual property owned by BELLA+CANVAS anywhere in the world, including licensed products.

**THIRD PARTY AUDIT.** An external audit that it conducted by an independent organization upon another organization to evaluate conformity with procedures, organizational requirements, standards etc.

**TRANSPARENCY.** Openness about decisions and activities that affect society, the economy and the environment and willingness to communicate these in a clear, accurate, timely, honest and complete manner. *(ISO 26000 definition)*

## WAGE

**Wage.** Payment made for work performed.

**Legal requirements on wages.** All laws and regulations, national and local, concerning wages, including, but not limited to, full and on-time payment of wages for regular and overtime work; provision of benefits, including paid holidays; payment of social-security contributions; and compliance with prohibitions on discrimination in wage setting and payment practices.

**Minimum wage.** The minimum wage level established by national or local law.

**Net wage.** When evaluating workers' compensation against internationally recognized living wage benchmarks, the worker's net wage includes the basic or contracted wage and benefits and subtracts mandatory taxes and legal deductions. Leave pay can be included when it is not already included in the basic or contracted wage. Incentive pay can be included when it is earned by all workers during the regular work week. Overtime pay and social security contributions are not included in the worker's net wage.

**Prevailing wage.** The level of wage generally paid in the relevant country or region of the country for work in the same sector and for comparable levels of responsibility and experience.

## WORKER

**Worker.** All non-management personnel working at an applicable facility.

**Apprentice:** A worker who is part of an official, legally recognized apprenticeship or vocational training program.

**Contingent worker** (also known as casual worker). A person who works occasionally and intermittently. Such workers are employed for a specific number of hours, days, or weeks.

**Contract worker.** Labor supplied by a third-party employment agency.

**Home worker.** A person who carries out work in his or her home or in other premises of his or her choice, other than the workplace of the employer, for a fixed wage or piece rate, which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used.

**Migrant worker.** A person who migrates or who has migrated from one country to another or in some cases between regions or provinces of a country with a specific purpose of exercising an economic activity from which they will receive a wage.

**Regular worker.** A person with a permanent, full-time position in the factory.

**Special category of worker.** The term is specifically intended to identify workers who are not permanent, or not local, who are in a trainee role, who have special needs on a temporary or permanent basis (e.g., pregnant, juvenile, disabled workers), or who fall outside the formal workplace environment (e.g. home workers).

**Temporary worker.** A person with a labor contract of limited or unspecified duration with no guarantee of continuation.

**Young workers.** Persons between the minimum working age and the age of 18.

# Appendix three: remediation protocol

## OBJECTIVES

At BELLA+CANVAS, we recognize that there are times when our owned, joint venture, contracted, or candidate manufacturing facilities may fall short of our compliance guidelines. In these instances, our Social Compliance team is ready to work with those facilities toward meeting our standards in a sustained manner. In meeting this goal of *sustainable compliance*, we maintain five objectives:

1. *Continuous improvement* – Even when time may be required to achieve a standard, we want to see consistent commitment and progress in reaching that standard.
2. *Collaboration* – Achieving compliance may require candid conversations and creative plans. We are committed to working together with our business partners to support them in attaining and maintaining our standards.
3. *Root Cause Analysis (RCA)* – Addressing a noncompliance issue may not be as simple as unlocking a door or moving a fire extinguisher. Achieving sustainable compliance requires understanding *why* a noncompliance occurred. This method should be used both by auditors when determining noncompliance's and by factory managers when figuring out the most effective actions for remediation.
4. *Sustainable action* – Once we understand the root cause of a noncompliance, we can determine *what* actions need to be taken in order for that noncompliance not to occur again, *who* will be responsible, *how* we will implement the change, and *when* the change will be completed and reviewed.
5. *Baseline standards* – Although facilities may require time to attain certain standards, violations of our Zero-Tolerance policies are never acceptable. In the event of such violations, we will communicate with business partners while they remediate zero-tolerance issues, but we reserve the right to exact penalties up to and including termination of our business relationship.

## CORRECTIVE ACTION PLANS (CAPS) & REMEDIATION

At the end of a Social Compliance Audit, during the Closing Meeting, the auditor will share draft noncompliance findings with the factory managers and worker representatives. Draft findings will be provided alongside realistic deadlines and recommended responsible staff members.

The factory will begin working to remediate the findings, and the auditor will finalize their report with the BELLA+CANVAS Social Compliance team. Upon completion of the audit report, the final version will be sent to the factory.

The factory managers and worker representatives will work together to implement and document Immediate Actions and Sustainable Improvements for remediating noncompliance's.

*Immediate Actions* are steps taken to address a noncompliance right away (e.g., unlocking a locked emergency exit door).

*Sustainable Improvements* are steps that will reduce the chances of the repeating the

noncompliance in the future (e.g., writing a policy that requires emergency exit doors to be unlocked from the inside, identifying who will ensure that exit doors remain unlocked from the inside, training managers and workers to maintain unlocked exit doors, and monitoring exit door locks on a regular basis).

As needed, factory managers may collaborate with the BELLA+CANVAS Social Compliance team, who serves as an expert resource.

Depending on the results and findings of the audit report, the factory management will provide updates to the BELLA+CANVAS Social Compliance team, at regular intervals, about remediation progress.



## PROCESS

STEP	DAYS AFTER AUDIT	ACTIVITY	RESPONSIBLE
1	0	Audit Closing Meeting	Auditor, Factory
2	0	Start remediation of draft findings	Factory
3	7	Finalize Audit Report; Send Audit Report to Factory	B+C Social Compliance (SC)
4	7-28	Conduct and document remediation as required by Audit Report (Sustainable Improvements may take longer)	Factory
5	28	Communicate progress to-date	Factory, B+C SC
6	30 until complete	Track progress of remediation in B+C compliance information system	B+C SC
7	Until complete	Continue progress on Sustainable Improvements until respective noncompliance's are completely remediated	Factory
8	Monthly, until complete	Regular communication between Factory and B+C Sustainable Compliance team to discuss progress	Factory, B+C SC

### Examples

During an audit, the auditor will document findings of noncompliance against the BELLA+CANVAS Workplace Code of Conduct. Although some findings may be corrected with a quick fix, in order to pursue *sustainable compliance* (the idea of preventing that noncompliance from occurring again in the future), the auditor and factory will start with RCA and then conduct remediation through *Immediate Actions* and *Sustainable Improvements*. Below is an example of how this may look in the event of a locked emergency exit door.

- 1) Audit observation: The auditor sees an emergency exit door that is locked from the inside while workers are working in the factory.
- 2) RCA: The auditor asks “Why” the door is locked until an answer is identified. A conversation may look like the one below.

*Auditor to Worker: Why is the door locked?*

*Worker: We did not know it was locked.*

*Auditor to Manager: Why is the door locked?*

*Compliance Manager: Most of the doors are open. That door was locked in error.*

*Auditor: Why was it locked in error?*

*Compliance Manager: Perhaps the Team Safety Leader did not check it?*

*Auditor: Why did the Team Safety Leader not check it.*

*Compliance Manager: Maybe he missed it, forgot, or did not know to check it.*

*Auditor: Is there a Policy, Procedure, or Training to inform that the Team Safety Leader must ensure emergency exit doors remain unlocked from the inside when workers are in the factory?*

*Compliance Manager: I think it is in the emergency evacuation plan.*

- 3) Draft Finding: At the Closing Meeting, the auditor will provide a table that may look something like the one below.

FINDING	ACTION REQUIRED	DEADLINE	COMPLETE	RESPONSIBLE STAFF
Locked Emergency Exit	<i>Immediate Action:</i> Unlock the door.	Immediate (0 Days)	Complete	Compliance Manager
	<i>Sustainable Improvement:</i> Revise emergency evacuation plan to ensure that emergency exit doors remain unlocked from while workers are inside.	14 Days	Open	Compliance Manager

- 4) Audit Report: After the auditor has had time to review their notes and confer with the BELLA+CANVAS Social Compliance team, then the BELLA+CANVAS Social Compliance team will send the Final Audit Report to the factory, containing a table that may look something like the example below. The factory will work through remediation based on this report, creating a CAP, potentially revising the “Responsible Staff,” specifying the work to be done, and inputting progress updates.

FINDING	ACTION REQUIRED	DEADLINE	COMPLETE	RESPONSIBLE STAFF
Locked Emergency Exit	<i>Immediate Action:</i> Unlock the door.	Immediate (0 Days)	Complete	Compliance Manager
	Sustainable Improvements: 1) Revise Building Safety Policy to state that emergency exit doors must remain unlocked from the inside while workers are inside. Identify that the Compliance Manager is responsible for ensuring the policy is upheld.	14 Days	Open	Compliance Manager
	2) Create an SOP addressing (a) Team Safety Leaders daily duties, which will include checking that emergency exit door remain unlocked from the inside and (b) that the Compliance Manager will monitor to ensure Team Safety Leaders uphold this task.	21 Days	Open	Compliance Manager
	3) Train Team Safety Leaders on the new SOP. Workers are trained to raise a concern if they observe that emergency exit doors are locked	28 Days	Open	HR Manager
	4) Incorporate maintenance of unlocked emergency doors in health & safety trainings delivered to workers semi-annually.	60 Days	Open	HR Manager

# Appendix four: summary of changes in v3.0

Following publication of the BELLA+CANVAS Social Compliance Manual v2.0 in May 2022, the company embarked on implementing a similar social compliance program for our sister brand Alo. As a result, Alo released its first social compliance manual in April 2023. This newest edition of the BELLA+CANVAS Social Compliance Manual, labeled v3.0, has been updated in order (1) to integrate program updates that have developed over the course of approximately the last year-and-a-half and (2) to align with the recent Alo Social Compliance Manual ensuring greater alignment across the brands’ programs and policies and consistency in implementation.

The following table summarizes significant changes that appear in this new BELLA+CANVAS Social Compliance Manual v3.0. However, it does not mention minor grammatic, stylistic, or formatting edits that have been included in v3.0.

Page	Change	Explanation
1	Version 3.0 from Version 2.0	Updated version number reflects changes made to describe recent program developments and alignment with recently published manual for sister brand Alo. Also noted on subsequent pages’ headings.
2	Inclusion of joint ventures (“JVs”) among facilities covered by standards	Both in the Table of Contents and subsequent pages, JVs are included as facilities that are subject to BELLA+CANVAS standards. During the preparation of previous versions, BELLA+CANVAS was not party to JV production facilities.
6	Updated FLA hyperlinks	Since FLA updated its website, links to relevant pages have been changed to reflect current URLs.
6, 80	Removal of past-dated content related to the Assessment Program	Given that v2.0 discussed work being conducted in 2022, those mentions have been removed from v3.0.
8	Expanded introduction to Workplace Code of Conduct	Added context to align with sister brand Alo.
11	References updated and expanded regarding the “ILO Declaration on	Revised to align with ILO terms updated in 2022.

	Fundamental Principles and Rights at Work (1998), as amended in 2022” and “eleven fundamental instruments”	
<b>26</b>	Additional “Must-Have Documentation” regarding Employment Relationship	Forms of evidence added, addressing retrenchment processes, legal compliance, and compensation benefits.
<b>27</b>	Citations added, providing direct links to ILO Non-discrimination policy references	Clearer access to source material.
<b>34, 36</b>	Content and citations revised, providing direct links to 2022 ILO Forced Labor study;	Updated summary and access to source material.
<b>34-35</b>	Citations added, providing direct links to ILO Forced Labor policy references	Clearer access to source material.
<b>39</b>	Content and citations revised, providing direct links to 2020 ILO Child Labor study;	Updated summary and access to source material.
<b>40</b>	Citations added, providing direct links to ILO Child Labor policy references	Clearer access to source material.
<b>42</b>	Citations added, providing direct links to ILO Freedom of Association and Collective Bargaining policy references	Clearer access to source material.
<b>46</b>	Citations added, providing direct links to ILO Health & Safety policy references	Clearer access to source material.
<b>51</b>	Additional “Must-Have Documentation” regarding Health & Safety	Forms of evidence added, addressing personal safety, building safety, and chemical management.
<b>58</b>	Updated language around fair compensation efforts	Revision expresses the current status of BELLA+CANVAS fair compensation efforts, as the company implements FLA Fair Compensation Initiative requirements.
<b>72-73</b>	Updated language regarding commitments under the AAFA/FLA Apparel & Footwear Industry Commitment to Responsible Recruitment	Revision reflects what AAFA and FLA describe as a “re-launched and enhanced” industry effort, of which BELLA+CANVAS has remained a signatory.
<b>75-79</b>	Addition of “Exit and Closure” to and respective expansion of the section describing Responsible Retrenchment	BELLA+CANVAS has recently updated its Commitment to Responsible Retrenchment and added related policies and procedures for Retrenchment, Exit, and Closure.

<b>82</b>	Addition of “announced” and “semi-announced” audits and footnoted definitions for these and “unannounced”	Revision more clearly reflects BELLA+CANVAS operations.
<b>82-83</b>	Revision and detail explaining Management Interviews conducted during audits	Revision more clearly reflects BELLA+CANVAS operations.
<b>86</b>	Additional detail explaining post-assessment work, specifically incorporating Root Cause Analysis into corrective action planning	Revision more clearly reflects BELLA+CANVAS operations.
<b>88</b>	Revised contact list	Revision provides updated list of key contacts and their current positions.
<b>91</b>	Definition for Living Wage	Revision aligns with October 2023 update to FLA’s Code of Conduct and Compliance Benchmarks Glossary of Terms, which aligns with the definition set by the Global Living Wage Coalition.
<b>98</b>	Additional detail in the Remediation Protocol explaining post-assessment work, specifically expanding upon corrective action planning	Revision more clearly reflects BELLA+CANVAS operations.