

Avery Dennison

Social Compliance

Supplementary Standards Supplier Manual

2023 June

Introduction

HOW TO USE THIS MANUAL

This manual applies to all suppliers to Avery Dennison.

Avery Dennison sets the highest standards for its operations as well as for the operations of its suppliers. The standards set out in this manual are intended to protect the integrity and reputation of Avery Dennison and to ensure compliance with Avery Dennison policies. These standards may therefore exceed standards set by law.

Avery Dennison (“Avery Dennison Suppliers”) are expected to be familiar with and comply with all laws and regulations relevant to their business as well as being familiar with and comply with the standards set out in this manual and any other Avery Dennison policies relevant to the products manufactured and supplied or services provided to Avery Dennison. You should seek legal advice as appropriate. Noncompliance with these standards can have serious consequences for the relationship with Avery Dennison.

CASE STUDIES

Please note all case studies included in this manual are hypothetical, intend to serve only as examples of non-compliance with the standards in each section and in no way refer to actual findings within our Avery Dennison facilities.

WHERE TO LEARN MORE

Please visit Avery Dennison’s website at www.averydennison.com to learn more about Avery Dennison policies, its Employee Standards and Sustainability agenda.

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Guide to Avery Dennison Standards

Laws, Regulations and Industry Standards

Suppliers must comply with all applicable local laws and regulations. In situations where there is a lower threshold or standard provided by local laws and regulations and the standards described in the Avery Dennison Supplier Standards, Suppliers will be required to meet the higher standards. To the extent Supplier reasonably believes that compliance with this manual may cause Supplier to be in violation of local laws or regulations, Supplier should immediately contact Avery Dennison to discuss the particular concern.

KEY REQUIREMENTS:

- Comply with local laws and regulations of the country of manufacture.
- Operate in compliance with the law and the requirements of Avery Dennison. Avery Dennison Supplier Standards should be followed where there is no law or where Avery Dennison Supplier Standards are stricter than the applicable legal requirements
- Track legal and regulatory changes made to the local labor laws (*e.g.* minimum wage, working hours, benefits, child labor, forced labor, health and safety, freedom of association, etc.).
- Keep business licenses and other documents required by law in order and up-to-date and make them available for inspection when requested.
- All employees are provided with a copy of their signed employment agreement (written in their native language) that describes the nature of their worker arrangement, terms and duration of their employment contract, starting wages and overtime wages, work hours and holidays, benefits and deductions, resignation and termination conditions.
- Home-based workers are not allowed.
- Life threatening situation can and will not be tolerated
- All stakeholders, including suppliers, factory workers, and Avery Dennison employees, can report unethical behavior and violations of these Standards, Avery Dennison policies or the Avery Dennison Code of Conduct to Avery Dennison Global Compliance Team. Email is RBIS.WW.SC.CAP@averydennison.com.

INDICATORS OF NONCOMPLIANCE:

- Violations of the law or any of the requirements of Avery Dennison's Supplier Standards.
- Unfamiliarity with legal requirements or Avery Dennison requirements.
- Workers are not trained and unaware of their legal rights.
- Lack of internal controls to monitor the labor law and the absence of any internal audits to ensure compliance with the law.
- Out of date permits, licenses and other documents necessary to do business in compliance with the law.

BEST PRACTICES:

- Keep written procedures in place, with a designated responsible management representative, to ensure Supplier is aware of and understands changes that are made to the local labor laws.

Changes are communicated to all relevant personnel, and necessary adjustments are made by the Supplier in a timely manner to ensure compliance with the law

- Maintain copies or summaries of all applicable laws. Periodically review Supplier work rules and employment handbook to ensure it is aligned with the current law at a minimum.
- Supplier does not have exemptions from legal requirements, e.g., working hours, wages.
- Supplier periodically monitors its compliance with the law and Avery Dennison Supplier Standards requirements.

Questions and Answers

A Supplier manager claims he was unaware of the legal provision requiring payment of a premium for all hours worked in excess of the legally prescribed workweek. Is it acceptable?

No, all factories should, at a minimum, understand and comply with all applicable legal requirements.

1 Compensation

1.1 Standard

Suppliers shall comply with all applicable local laws, including those pertaining to wages, overtime and benefits. No deductions from pay may be made for disciplinary infractions.

1.2 Employment Standards Supplemental Guidelines

- 1.2.1 Where a country's legal code specifies legal minimum wages and/or wage payments, factories must be in compliance with the law with respect to all workers, including trainees, temporary workers, and employees paid on piece rate.
- 1.2.2 Where a country's legal code specifies that workers must receive certain benefits (such as retirement benefits, leave benefits, termination payment, health insurance, workman's compensation, etc.), factories must be in compliance with the law. Probationary workers must receive the same entitlements and benefits as regular workers as required by law; Factories must also comply with the legal requirements for timing of payments.
- 1.2.3 All overtime hours (including any work performed on public holidays or during the weekly holiday) if defined by local law must be paid following legal required overtime rate. Clock in / clock out for work before or later than 30 minutes of work schedule would be considered as OT hours.
- 1.2.4 Deduction from wages can only be made if permissible under local law, and may not effectively lower an employee's pay below the legal minimum wage. Deduction that is not legally required, such as housing, meals transportation, etc. must be specified in workers' signed employment agreement. Please contact your Regional Compliance Manager or Regional HR manager for further guidance on deduction requirement.
- 1.2.5 Employees of the same seniority, experience, and/or productivity should



Case Study 1.1: **Factory in China**

Hypothetical Issue: The minimum wage is set at 800 *yuan* per month (no sub-minimum is allowed by law), but the factory only pays 750 *yuan* as a start-up.

Corrective Action: Wage payment should meet legal requirements. Arrears should be paid if necessary. Relevant laws must also be posted in the factory.

Recommended Timeline: Immediately adjust to meet legal requirement and 2 weeks for planning.



Retail Branding and
Information Solutions

be paid the same pay. Unless addressed otherwise by local law, trainees and temporary workers must be paid at least minimum wage.



Case Study 1.2:
Factory in Vietnam

Hypothetical Issue: The legal requirement in computing overtime for Sunday work is 2X the hourly wage, multiplied by total Sunday overtime hours, but the factory only pays 1.5X multiplied by total Sunday overtime hours.

Corrective Action: Overtime payment should meet legal requirement. Arrears should be paid if necessary. Relevant laws must also be posted.

Recommended Timeline: Immediately adjust to meet legal requirement and 2 weeks for planning.

1.2.6 Factories should provide workers with pay slips that show regular and overtime hours worked regular and overtime rates and wages, bonuses, and deductions; All regular and overtime hourly rates or any piece rates must be calculated in accordance with applicable law; Pay slips should be in languages workers understand and provided to employees in accordance with the local law.

1.2.7 Workers should be aware of their benefits and understand how their wages are calculated. The company policy and/or procedure on wages, working hour policy, benefits and compensation, should be available to all workers (through Orientation, Employee Handbook, Notice Board, Library etc.).

1.2.8 Documentation (timecard record, payrolls, payslips etc) for all employees/workers (including all full-time workers, part-time workers, temporary workers and subcontractors) should be maintained in accordance with local law or for at least 1 year (whichever is greater, whereas 3 years is recommended) showing base pay, overtime pay, and all deductions. Payroll records for all workers must be available for review.

1.2.9 Any work on a weekly holiday or pay-in-cash should also be included in payroll records and included on the workers' pay slips.

- 1.2.10 Wages must be paid in cash, in check or by direct transfer into the employee's account, and never in part or in full constitute 'payment in kind', i.e. other goods or services.
- 1.2.11 Probation period and contract signing should be in compliance with local law. Employees must have a written contract, whether or not local law requires and such a contract/agreement of employment must be signed with a person directly; Trainees and workers past probation must be upgraded to permanent status with pay commensurate with permanent workers after legal probation period. A copy of the employment agreement / appointment letter (written in language(s) workers understand) must be provided to workers.
- 1.2.12 Workers who leave the factory or are dismissed must receive termination pay-outs or packages as required by law. Outstanding wages owed to dismissed / resigned workers must be paid within the time frame specified by law.

1.2.13 The contract worker (or temporary worker/dispatched workers etc) hiring percentage, duration and agency's qualification should follow the local law if applicable and the contract should be signed off between agency and those workers.

1.3 In-Plant Contractors

An In-Plant Contractor (or IPC) is a company hired to work within a factory whether to perform a specific task such as packing and shipping, or to perform general tasks such as casual labor.

The defining characteristic of an IPC employee is that the employee is hired through another company and not directly paid by the factory.

Examples include, but are not limited to:

- Companies that pack and ship products
- Housekeeping
- Security guards
- Temporary office staff
- Material loading & unloading
- ...and many other duties

For auditing purposes an IPC employee is considered part of the factory workforce and needs to be treated as such. All labor laws, employment standards and customer Codes of Conduct that apply to the factory also apply to the IPC employees.

During an external Social Compliance audit, any findings related to an IPC will be considered a finding of the factory

1.4 Best Practice

1.4.1 Any work related activities, such as meetings, training and cleaning must be paid as overtime if it is scheduled before the official start time or after production ends.

2 Hours of Labor

2.1 Standard

The number of hours worked in any seven (7) day work week shall be limited to no more than sixty (60) hours, except as required in seasonal demand or extraordinary business circumstances. Employees must be given a minimum of one (1) day off in every seven (7) day work period, in each case except as required in seasonal demand or extraordinary business circumstances.

2.2 Employment Standards Supplemental Guidelines

2.2.1 Labor hours should comply with local law requirements, including regular working hours and overtime working hours (daily, weekly, monthly). However under no circumstances may working hours exceed a Maximum of 60 working hours in any seven (7) day work week.

2.2.2 Overtime must be strictly voluntary. Employees must have the right to refuse overtime without incurring fines, penalties, or retribution.

2.2.3 Employees must be afforded at least one day (24 hours) off after working 6 consecutive days.

2.2.4 Where a country's legal code stipulates the regular workday, workweek, rest days, breaks, and/or holidays, factory's schedules must be in compliance with the law.

2.2.5 Factories must record all employee working hours completely and accurately. Time records for all workers must be available for review by employees.

2.2.6 Where local law has no specific requirement, only one system should be used to track employee work hours and dual systems (such as separate systems for OT or holiday work) are not allowed.

2.2.7 Under no circumstances, whether or not permitted by local laws, may the maximum working hours exceed 12 hours in any consecutive 24 hours.



Case Study 2.1: Factory in Indonesia

Hypothetical Issue: Total working hours for a week is 72 hours, and has been so continuously for the last 4 months.

Corrective Action: The factory should submit a plan to reduce hours with the goal of working less than 60 hours a week. (Note: Overtime must be voluntary and workers able to take one day off per week.)

2.3 **Best Practices**

- 2.3.1 All employees should be responsible for recording their own work hours. Time keeping by security guards via a log-in book is strictly prohibited
- 2.3.2 Supplier must use a reliable, automated time recording system, such as mechanical time clocks (punch card time records), electronic or magnetic card time keeping, or a hand or thumb print scanner system.
- 2.3.3 Supplier must establish a weekly work schedule and advise employees by posting this information throughout the facility in a language(s) workers understand and including it in a personnel policy handbook all workers receive.
- 2.3.4 If a manual time card is used, the manual time card should be confirmed by workers with weekly acknowledgement.
- 2.3.5 The working hour policy should be available to all workers (through Orientation, Employee Handbook, Notice Board, Library etc.).

3 Forced Labor

3.1 Standard

Forced labor, including prison labor, indentured labor or debt bondage, must not be used under any circumstances.

THREE COMMON FORMS OF FORCED LABOR

The general definition of forced labor is any work or service performed under the menace of penalty, and for which the said persons have not offered up themselves voluntarily. The definitions of the three most common forms of forced labor:

1. **Prison Labor:** Work, performed by individuals incarcerated by either the state or military that is a requirement of their sentence and usually without compensation.
2. **Indentured Labor:** Work, performed by an individual contractually bound to an employer for a specific time period, which is usually in return for payment of travel and living expenses.
3. **Bonded Labor:** An illegal practice in which employers give high-interest loans to workers who either individually or as an entire family then labor at low wages to pay off the debt.

3.2 Employment Standards Supplemental Guidelines

- 3.2.1 All forms of prison or forced labor are prohibited including any subcontracting arrangement with prisons, institutions or any other third parties that involve forced labor. Under no circumstances may a supplier or subcontractors of Suppliers hire North Korean workers.
- 3.2.2 Workers should not be pressured, coerced or threatened in any way to accept the employment.
- 3.2.3 Any restrictions for workers to voluntarily end their employment, such as, excessive notice periods (example: over 1 month) or substantial fines for terminating their employment contracts, are prohibited.
- 3.2.4 Factories must grant employees permission to leave the factory under reasonable circumstances, such as personal or family emergencies, without disciplinary penalty.

- 3.2.5 Factories must never physically prevent or delay workers from leaving the facility or its grounds.
- 3.2.6 Factories must not require or allow employment agents to require any monetary deposits or keep any original identification documents.
- 3.2.7 Factory security personnel must not be allowed to intimidate or restrict the movement of workers. If security personnel are inside the factory they should not be armed.
- 3.2.8 Factories must not restrict or limit in any way employee access to religious facilities, toilets or drinking water, canteen or access to necessary medical attention. In cases where there is machinery / equipment that cannot be left unattended during operation, facilities should have a way to ensure other workers are available to operate the equipment if the operator must leave, for example, to use toilet facilities or due to a personal emergency.
- 3.2.9 Supplier must ensure that there is a clear policy that the factory is responsible for recruitment fees. Where agency or migrant workers are hired, processes must be in place to ensure that workers do not pay recruitment fees to gain employment. In cases where a fee was collected, the worker must be promptly reimbursed by the supplier.



Case Study 3.1:
Factory in Colombia

Hypothetical Issue: When workers request permission to leave work to care for their children who are ill, they are not granted permission to leave.

Corrective Action: Under reasonable circumstances, immediately allow workers to leave the premises as they desire. Provide security as needed. Develop policies that allow workers to leave work under reasonable circumstances. Supervisors and workers should be trained on the policies.

Recommended Timeline: Immediately and 3 weeks for policies and training.

3.3 Best Practice

- 3.3.1 Supplier must ensure that all workers are employed with one of the following: 1) with standard labor contracts; 2) under a collective bargaining agreement which has been endorsed by the union and the local labor department; or 3) by agreement with the factory where the terms and conditions of employment, such as wage payments and working hours, are in accordance with the local labor laws.



Case Study 3.2: **Factory in Indonesia**

Hypothetical Issue: Whenever workers want to go to the toilet or get a drink of water, they have to ask permission of their respective supervisor. The supervisor keeps track of how long employees are gone to make sure that workers do not waste too much time using the toilet.

Corrective Action: Workers should have access to toilets and drinking water at all times and need not seek permission. There should be no restrictions on workers in performing traditional religious obligations.

Recommended Timeline:
Immediately correct practice and 2 weeks to revise policy.

All contracts/ employment agreements / appointment letters should contain such details required by law, such as the followings:

- A. The nature and type of worker arrangement (e.g. probationary, apprentice/trainee, regular/permanent, foreign contract worker);
- B. Terms and duration of the contract under the specified employment arrangement that is in accordance with the local labor law;
- C. Starting wages and overtime wages;
- D. Work hours and holidays;
- E. Benefits and deductions;
- F. Resignation / termination conditions;
- G. Signature of the appointing authority;
- H. Signature of the worker.

- 3.3.2 Supplier must ensure that there is a clear policy which states that all overtime must be voluntary. Supplier must educate workers and supervisors on the policy.
- 3.3.3 Factory management should ensure staff responsible for hiring and other personnel functions are properly trained to communicate, implement and enforce the practices of effectively prohibiting involuntary or forced labor.

Note:
Reference Material Link:

1. International Labor Organization (ILO) - <http://www.ilo.org/ilolex/english/convdisp1.htm>
2. Forced Labor Convention, 1930 and Abolition of Forced Labor Convention, 1957, (<http://www.ilo.org/ilolex/english/convdisp1.htm>)
3. Universal Declaration of Human Rights, 1948, (<http://www.un.org/Overview/rights.html>)

4 Child Labor

4.1 Standard

Suppliers shall not use child labor. The term child refers to a person younger than 15 or the local legal minimum age for employment, whichever is higher.

4.2 Employment Standards Supplemental Guidelines

4.2.1 Minimum Working Age

4.2.1.1 The factory is prohibited from employing anyone under 15 years old or the legal working age, whichever is higher.

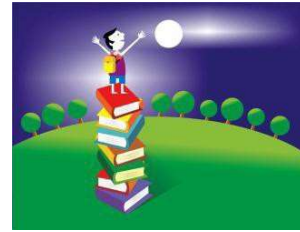
4.2.1.2 Where local law specifies a mandatory schooling age, the factory may only employ those persons above the mandatory schooling age.

4.2.2 Factory Visitors

Children are not permitted to enter production areas, unless guided by a factory employee during a factory visit. Persons below the age of 15 are not permitted to be present in a hazardous situation or where hazardous products, materials are stored or used or hazardous processes take place, even under guidance of factory employee.

4.2.3 Age Documentation

Factory management is required to implement effective age-verification procedures. Each personnel file should contain copies of the applicants' formal ID documentation (such as birth certificates, national ID cards or school certificates). The person assigned for recruitment, selection, and hiring position should be provided with a detailed SOP and is trained in interview and other age verification techniques.



Case Study 4.1: **Factory in Korea**

Hypothetical Issue: The legal minimum working age is 14. One worker is 14 years old. Documentation verified the worker's age.

Corrective Action: There should be emergency child labor intervention where the child is removed from the workplace. The factory should ensure that the child receives legal schooling, while at the same time sustaining the family's income level. The child should have the option to work in the factory once he/she has reached the legal working age.

Recommended Timeline:
Immediately.

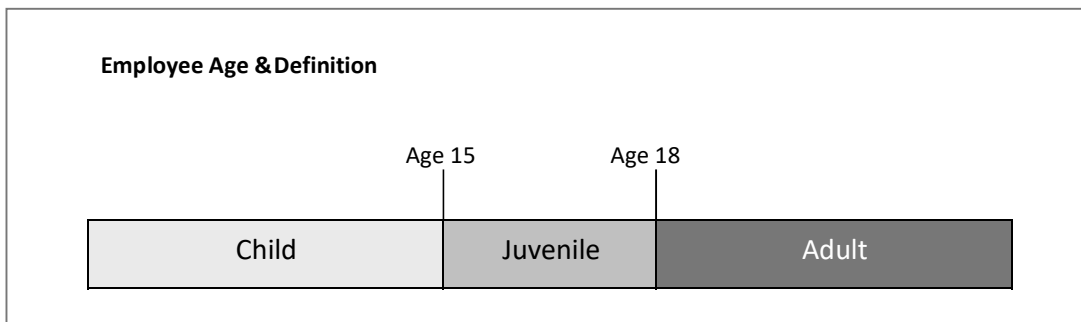
4.2.4 Juvenile Workers

4.2.4.1 Where a country's legal code specifies juvenile employment restrictions or requirements, the factory must comply with the local legal requirements.

4.2.4.2 Juvenile workers are prohibited from working at night or conducting 'hazardous work,' as defined by the ILO.

4.2.4.3 Juvenile workers are prohibited from working overtime.

Note: Avery Dennison defines a child as anyone under the age of 15, and a juvenile as anyone between the ages of 15 and 18. However, in regions or countries where the legal definition of a child includes persons older than 15, the local definition will apply.



Calculate age on the basis of whole years lived, not on years that began at birth. Thus, 12 months from birth, a person is considered to be 1-year old, not 2-years old. Also, 14 months from birth, a person is still considered to be 1-year old, not 2-years old.

4.2.5 The practices of home worker/cottage worker is prohibited to be part of any production process.

4.2.6 Apprentice/trainees/intern programs must comply with applicable legal requirements.

4.2.7 Supplier must ensure that any periodic health checks required by law are carried out for juvenile worker with maintaining a completed record in employee files. Physical inspection fee for workers exposed to occupational hazards/juvenile workers should be paid by employer.

Note: According to the ILO, the definition of Hazardous Work with regard to Child Labor consists of the following:

- A) Work which exposes children to physical, psychological or sexual abuse;
- B) Work underground, underwater, at dangerous heights or in confined places;
- C) Work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy loads;
- D) Work under particularly difficult conditions, such as work for long hours or during the night or work where the child is unreasonably confined to the premises of the employer;
- E) Work in an unhealthy environment, which may expose children to hazardous substances, agents or processes, temperature, noise levels and vibrations damaging to their health.

4.3 Best Practices

4.3.1 Child Labor

The facility should have a written policy stating its commitment not to engage or support illegal child labor. The policy should conform to national law and the Avery Dennison standards, and detail the following:

- A. Minimum hiring age;
- B. Description of hiring procedures;
- C. Required age verification documents;
- D. Reporting procedures for cases when unexpected child labor is found.



Case Study 4.2: **Factory in Mexico**

Hypothetical Issue: The legal minimum working age is 16 (higher than Avery Dennison's 15-year requirement). There are 15-year old juveniles working inside the factory. Documentation verified the workers' ages.

Corrective Action: There should be emergency child labor intervention where the child is removed from the workplace. The factory should ensure that the child receives legal schooling, while at the same time sustaining the family's income level.

Recommended Timeline:
Immediately.

4.3.1.1 In the event that child labor is discovered in a factory, the child and the child's parents or guardians will be consulted about:

- A. The circumstances of the child and his or her family;
- B. Education opportunities which exist both within and outside the factory; or
- C. Whether a parent or adult relative might be hired in place of the child, while the child attends school.

4.3.1.2 In the event that child labor is discovered in a factory, it is a best practice to temporarily remove the child from the workforce and continue to pay legal minimum wages to him/her until the worker reaches legal working age and then allow them to re-join the workforce while maintaining seniority for time worked.

4.3.2 Juvenile Workers

The facility should have a written policy on juvenile workers as applicable under local law that describes work restrictions. The policy should contain details of the following:

- A. Types of work;
- B. Schedules of work;
- C. Other restrictions.

4.3.2.1 Facility should check the local laws regarding protection of juvenile workers in the factory. Specifically prohibitions against, or limits on overtime work, or shift work, and working conditions such as exposure to chemicals; lifting of heavy objects; extreme temperatures; work below ground or at heights or in confined space.

4.3.2.2 Facility should develop a tracking system for juvenile workers, i.e. all workers under 18. The personnel Department should keep a Juvenile Worker Register listing all workers under 18 with their names, dates of birth and current job position.

4.3.2.3 Facility should use a visual reference to identify juvenile workers, e.g. a color- coded ID tag.

Note:

ILO Minimum Age Convention, 1973, (<http://www.ilo.org/ilolex/english/convdisp1.htm>)

ILO Night Work of Young Person (Industry) Convention, 1919, (<http://www.ilo.org/ilolex/english/convdisp1.htm>)

5 Discrimination/Human Rights

5.1 Standard

Provide equal opportunity to all employees and prospective employees without regard to race, color, sex, gender, gender identity or expression, pregnancy, childbirth or related medical conditions, religion, national origin, age, citizenship, physical or mental disability, legally protected medical condition, genetic information, sexual orientation, military service status, veteran status, marital status, and other protected classes under federal, state and local laws.

5.2 Employment Standards Supplemental Guidelines

5.2.1 Suppliers' hiring, job assignment, work condition, compensation, promotion, termination and retirement practices and access to training should be based upon employees' ability to perform the job effectively, and not on employees' individual characteristics. It must be applicable to all workers, including contractor workers, temporary workers, migrant workers, etc

Discrimination is prohibited in any form; race, color, sex, gender, gender identity or expression, pregnancy, childbirth or related medical conditions, religion, national origin, age, citizenship, physical or mental disability, legally protected medical condition, genetic information, sexual orientation, military service status, veteran status, marital status as a basis for employment is prohibited.

5.2.2 Factories that are not legally required to test female applicants, contract workers or employees for pregnancy are prohibited from doing so. Pregnancy testing and medical testing should be voluntary, not mandatory. Mandatory pregnancy testing and medical testing (if not a legal requirement) is prohibited.

5.2.3 Supplier management is prohibited from asking female applicants about their pregnancy status and must not discriminate against them when considering hiring, salary, benefits, advancement, discipline, termination or retirement practices.



Case Study 5.1: **Factory in Poland**

Hypothetical Issue: The factory posted a vacancy opening at the facility gate and it reads, "Wanted: Male, Mechanic, Catholic, Single."

Corrective Action: Remove discriminatory requirements for recruitment and hire. Establish a policy on hiring that prohibits discrimination. Communicate the requirements to relevant HR and management staff.

Recommended Timeline: One week.

- 5.2.4 Restricting or limiting reproductive rights is prohibited.
- 5.2.5 Suppliers must meet legal conditions regarding working conditions and benefits for all women (as well as pregnant, post-partum and lactating women).
- 5.2.6 Women returning from maternity leave must be given an equivalent position to her pre-maternity position and equal pay
- 5.2.7 Suppliers must accommodate to the needs of pregnant women within reason (i.e. job reassignments to non-hazardous or lighter work, provision of seating, extended breaks, etc.).
- 5.2.8 Where a country legal code specifies the hiring of disabled workers, either by setting a target to have disabled workers comprise a legally required minimum percentage of the work force, or by contributing into the local disabled workers fund, the suppliers must be in compliance with the law. Contact your Regional Compliance Manager for details.



Case Study 5.2:
Factory in Philippines

Hypothetical Issue: As part of the pre-employment requirements, the factory requires the female workers to submit a medical exam and including pregnancy testing.

Corrective Action:
Remove discriminatory requirements for recruitment and hire. Establish a policy on hiring that prohibits discrimination. Communicate the requirements to relevant HR and management staff.

Recommended Timeline:
Immediately discontinue mandatory testing and 2 weeks for worker education.

5.3 **Best Practices**

- 5.3.1 Any legally required medical tests (or in the event of factory outbreaks) should be conducted by properly trained medical staff. Employees must have access to the results of their examinations and the results must be kept confidential.
- 5.3.2 Supplier's management should ensure staff responsible for hiring and other personnel functions are properly trained to communicate, implement and enforce the practices of effectively prohibiting discrimination.

Note:

ILO Equal Remuneration Convention, 1951

ILO Discrimination (Employment and Occupation) Convention, 1958

ILO Migrant Workers (Supplementary) Convention, 1975, Termination of Employment Convention, 1982,
(<http://www.ilo.org/ilolex/english/convdsp1.htm>)

Universal Declaration of Human Rights, 1948, (<http://www.un.org/Overview/rights.html>)

ILO Maternity Protection Convention (Revised), 1952, (<http://www.ilo.org/ilolex/english/convdsp1.htm>)

6 Freedom of Association

6.1 Standard

Suppliers shall comply with the legal rights of workers to freely associate, form and join organizations of their choice, and bargain collectively.

6.2 Employment Standards Supplemental Guidelines

6.2.1 Freedom of Association

6.2.1.1 Supplier's management must respect employees' rights to freely associate; they must not impose any punitive actions against employees who support unions.

Any action, which suppresses freedom of association, may be deemed illegal in some countries' labor codes.

6.2.1.2 The standard provision on free association neither permits, nor requires Avery Dennison or its business partners to engage in unlawful activities to protect the rights of association. Nevertheless, where the right to freedom of association and collective bargaining is restricted under law, the factory should not hinder the development of lawful parallel means for independent free association and bargaining.



Case Study 6.1: **Factory in Taiwan**

Hypothetical Issue: While the employees state they are satisfied with the grievance and other two-way communication procedures established by the company, they are unfamiliar of their rights to associate differently.

Corrective Action: The factory should ensure that employees are informed of their rights to freely associate. This should be communicated both verbally and in writing, both formally and informally.

Recommended Timeline: 2 weeks.

- A. Employers will not use intimidation, unreasonable searches, police or military force to obstruct workers' right to freedom of association.
- B. Workers' organizations have the right to conduct their activities and elect their representatives without employer interference such as the presence of factory management or factory designees at organizing meetings.
- C. Workers are free to meet and discuss workplace issues at the location during their breaks and before and after work. They may communicate their concerns about labour practices to management, choose representatives to organize workers, inspect working conditions, engage in dialogue with supplier management, and carry out other organizing activities that do not disrupt production.
- D. The employer will not interfere with the right to freedom of association by controlling workers' organizations or favoring one workers' organization over another.
- E. Employers are not required to take an active role in supporting workers' efforts to associate or organize, but employers must assure that workers can exercise their right to organize in a climate free of violence, pressure, fear and threats. Supplier management should not refuse to meet with worker representatives.

6.2.2 Collective Bargaining

Employers will negotiate with any union/workers representatives selected by the workers that have been recognized as a bargaining agent for some or all of its employees in good faith.

6.2.2.1 Trade unions not recognized as the bargaining agent of some or all of the workers in a facility should 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, within limits established by applicable law. Workers' representatives should have the proper exercise of their functions, including access to workplaces.

6.2.2.2 The provisions of collective bargaining agreements can be more favorable towards workers than those of laws and regulations. However, Avery Dennison does not recognize provisions of collective bargaining agreements that may be less favorable than applicable laws.

6.2.2.3 Employees should be able to raise concerns regarding employer noncompliance of collective bargaining agreement terms without retaliation.

Note: Workers' freedom to associate does not necessarily mean by way of union, nor is collective bargaining mandatory. Workers must be allowed the freedom of choosing how, if at all, to organize their representation. If workers fully understand their rights and options for association, yet they voluntarily choose not to, the requirement of the standard is satisfied so long as effective grievance and other two-way communication procedures are implemented.

6.3 Best Practices

- 6.3.1 Adopt a proactive and positive approach to union activities in the facilities.
- 6.3.2 Develop worker committees which can deal with specific issues, such as health and safety, supervisor- worker relations, setting of production targets, and social activities. The functions of the worker representatives should be formally written and established. Also see 8.2.1
- 6.3.3 Meet informally with union representatives to seek the union's input on problem solving. Listen to, and act on, the items which they raise as employees' concerns.
- 6.3.4 Provide an office area to the unions in the facilities where union representatives may leave their information and materials, and conduct meetings in a well-managed environment. This will encourage union representatives to organize meetings systematically and instead of randomly speaking with the work force during work hours.
- 6.3.5 Legal strikes and demonstrations should be dealt with as labor disputes, and should not involve the police or armed forces. Such disputes should be resolved by management, unions and labor authorities.
- 6.3.6 Supplier's management should treat union officers respectfully and as leaders. They must be allowed to operate lawfully and free from obstruction and discrimination.
- 6.3.7 Any formal discussions, such as Collective Bargaining Agreement (CBA) negotiations, should be recorded formally and endorsed by the labor bureau as required by law.
- 6.3.8 Supplier's management should honor the terms of any CBA, which have been negotiated and endorsed by the local labor authority.
- 6.3.9 Supplier's management should provide suggestion boxes and place them in convenient and private places, e.g. in the bathrooms, canteen and dormitories. The boxes should be accompanied with clear instructions: who has access; how and when will suggestions be answered. Employees should not be required to give their names or other identifying information; and no employee will be penalized for making a suggestion,

i.e. non-retaliation policy

- 6.3.10 Any meetings, including informal discussions, which are held between management and union or worker representatives should be recorded and meeting minutes should be provided to the participants.
- 6.3.11 Factory management should provide information regarding the local law per freedom of association and collective bargaining, and about the factory grievance system.
- 6.3.12 Invest in programs which improve communication between management and workers, such as on the job training, worker development programs, job performance assessments, and social activities.
- 6.3.13 HR should have up-to-date copies of all local laws dealing with union activity, resolution of strikes and other disputes, and collective bargaining.
- 6.3.14 If union dues are deducted from monthly wages, a letter of authority, signed by the employee, stating that the employee has voluntarily joined the union, and that the factory is authorized to deduct union fees from the monthly wages should be on file.
- 6.3.15 Track union membership. Unions can only formally represent those workers who are voluntary members.
- 6.3.16 Keep copies of all written requests and demands that are received from the union or worker representatives, together with the supplier’s management response to the requests or demands.
- 6.3.17 Establish an independent means to notify the workforce of communications with the union or other worker associations, and any actions which management will take resulting from those discussions. For example, use a notice board to update employees on management-union discussions.



Case Study 6.2:
Factory in Romania

Hypothetical Issue: The factory imposes fines and suspends workers supporting actions to form a labor union.

Corrective Action: The factory should immediately stop the practice. Instead, the factory should remain neutral and initiate dialogue with workers and respect their freedom of association.

Recommended Timeline:
Immediately.

Note:

ILO Freedom of Association and the Right to Organize Convention of 1948; ILO Right to Organize and Collective Bargaining Convention of 1949; ILO Collective Bargaining Convention of 1981

7 Disciplinary Process

7.1 Standard

No form of physical or mental disciplinary practices such as coercion, harassment, (including sexual harassment), threats or corporal punishment shall be used. All workers must be treated with dignity and respect.

7.2 Employment Standards Supplemental Guidelines

7.2.1 Supplier's management must never threaten the use of or practice any form of physical discipline or harmful physical contact, no matter how slight.

7.2.2 Supplier's management must never engage in, or allow, sexual harassment.

Example: Touching employees, especially women, in any way that could be considered to have sexual implications; sexual comments made to employees, who create an unreasonably hostile work environment; or requiring any form of sexual favor in exchange for beneficial treatment in employment is considered sexual harassment.

7.2.2.1 Employers shall not offer preferential work assignments or treatment of any kind in actual or implied exchange for a sexual relationship, nor subject employees to prejudicial treatment of any kind in retaliation for refused sexual advances.

7.2.3 Supplier's management must never use coercive behavior, verbal abuse, or abusive disciplinary tactics or procedures. Threatening, either explicitly or implicitly, to withhold employees' basic rights, including wages, benefits, access to food, services, etc. can be considered coercive behavior.

7.2.3.1 Access to food, water, toilets, medical care or health clinics or other basic necessities will not be used as either reward or punishment.



Case Study 7.1: **Factory in China**

Hypothetical Issue: Workers are physically punished, for example, they are asked to stand-up at the back of the production area for 1 hour if they arrive late to work.

Corrective Action: The factory should discontinue the practice immediately. The factory should consider hiring a local NGO to conduct training. The factory should monitor for change in behavior, and if necessary, terminate the employment of abusive personnel.

Recommended Timeline:
Immediately

- 7.2.3.2 Employers will not unreasonably restrain freedom of movement of employees, including movement in canteen, during breaks, using toilets, accessing water, and access to necessary medical attention.
- 7.2.3.3 Factory management should never use intimidation or mentally abuse employees, such as throwing objects at the ground in front of workers.
- 7.2.3.4 Employees will not be threatened nor intimidated in any manner, nor have the fear of threats or intimidation.
- 7.2.4 Disciplinary measures must not include monetary fines. Penalties for tardiness should be deducted based on actual time that an employee is late to work.
 - 7.2.4.1 Supplier's management should never threaten illegal or undue fines as a means of disciplining or influencing behavior.
- 7.2.5 Security personnel must not administer disciplinary action against employees.
 - 7.2.5.1 Security personnel must not have the right to dismiss workers.
 - 7.2.5.2 The military must not be allowed to participate in disciplinary procedures.
 - 7.2.5.3 Security practices must be gender appropriate and non-intrusive.
- 7.2.6 Management will discipline anyone who engages in any physical, sexual, psychological or verbal harassment or abuse. Discipline could include combinations of counseling, warnings, demotions, and termination. Discipline targets could include managers or fellow workers.
- 7.2.7 Supplier's management must establish standard written procedures for disciplining and firing employees. The procedures must include an escalating series of verbal and written warnings prior to suspension or dismissal. Disciplinary measures taken must follow local laws and be fully documented in the employee's file and a copy of such warnings should be provided to the employee.
- 7.2.8 Supplier's management must have written grievance procedures in place that protect employee privacy, protect against possible retribution and permit workers to report unfair treatment to someone other than their supervisor.
- 7.2.9 Supplier's management's grievance procedures must include a system for resolving disputes in the workplace, e.g., dispute resolution

committee or workers' council that receives, investigates, and resolves workplace grievances.

7.2.9.1 The facility should use a clearly defined and documented system for resolving disputes in the workplace, whether between co-workers or between workers and supervisors. Workers should have the ability to report problems to a person or committee other than a direct supervisor. This system should be communicated both verbally and in writing to the workers.

7.2.9.2 The facility must adopt and communicate a non-retaliation policy that guarantees that workers who report on problems or abuses do not suffer negative consequences.

7.2.10 Supplier's management must have functional and effective processes in place such that employees can voice their concerns. These processes must be communicated, used, accessed and understood by employees and they must also include a mechanism to ensure that grievances are responded to.

7.2.10.1 Policy and procedures should be present in employee handbooks and manuals.

7.2.10.2 Grievance procedures should be included in orientation for new and temporary hires and in periodic training for existing employees, supervisors, and managers.

7.2.10.3 Supplier's management should provide cross-cultural training to expatriate managers, supervisors, and employees.

7.2.10.4 A discreet, effective complaint procedure should be in place for all employees. A trusted person, such as an appointed counselor, should be the



Case Study 7.2:
Factory in Dominican Republic

Hypothetical Issue: Factory management has established that workers report grievances to their supervisors. The workers say that the only way to complain about verbal abuse from a supervisor is to complain to the supervisor himself and they are afraid they will be fired if they complain.

Corrective Action: The factory should develop a variety of communication channels such as through suggestion boxes, upper management or HR personnel, etc. that protect privacy, protect against retribution and allow reporting to someone other than supervisors. The new procedures should be communicated to supervisors and workers. (Note: Grievance procedures, including management follow-up activities, must also be in writing and posted.)

Recommended Timeline: 2 weeks.

administrator of the system.

- 7.2.10.5 There should be an internal, confidential appeal procedure that employees can use if management does not adequately respond to their complaint. Written records of appeal procedures (including their outcome) should be kept.
- 7.2.10.6 There should be an appeal procedures for employees who feel unjustly warned or disciplined.
- 7.2.10.7 There should be suggestion boxes in private and secure locations that are easily accessed by the employees. The facility may also provide a telephone 'hotline' number or post office box address for employees to report grievances.
- 7.2.10.8 Facility should not interfere/ coach workers for interviews
- 7.2.10.9 Supplier's management should be trained in disciplinary procedure compliance and where possible, employees should receive instruction on their rights under national law and company expectations and where relevant, best practices and international standards.

7.3 Best Practices

- 7.3.1 The Supplier must adopt reasonable facility rules which apply to all employees, including supervisors and other managers. The supplier make sure the rules are published and provided to all employees.
- 7.3.2 If the supplier has dormitories, adopt reasonable rules about living, access and security arrangements in the dormitories. Curfews or other restrictions should be reasonable.
- 7.3.3 The supplier must post the factory rules in local language on notice boards and in public areas around the factory.
- 7.3.4 The supplier must adopt a progressive disciplinary system in the factory: (1) verbal warning; (2) written warning; (3) transfer; (4) suspension; (5) dismissal. There may be various sub-levels within each of the five stages. The supplier must make sure that the system is clearly communicated to all employees. Apart from the five forms of discipline, no other disciplinary action or form of punishment should exist.



Case Study 7.3: **Factory in Brazil**

Hypothetical Issue: Workers are unaware of disciplinary procedures because of the high rate of illiteracy. The facility has posted the procedures, but the workers are not able to read them.

Corrective Action: The new hire orientation and factory policy training should include verbal explanations or graphics for those employees who are not able to read. (Note: Disciplinary procedures must also be in writing and posted.)

Recommended Timeline: 4 weeks.

- 7.3.5 Supplier must ensure that there is a direct relationship between the factory rules, a breach of the rules, and the relative disciplinary action. For example, some conduct will be considered less serious and require a verbal warning only. Other conduct (e.g., physical abuse of, or violence towards, other employees) may require immediate dismissal without going through the earlier stages.
- 7.3.6 Supplier must provide supervisors with written guidelines. They must not use their own, arbitrary forms of discipline. Provide special and periodic (e.g. quarterly) training to supervisors on the progressive disciplinary system. Provide cultural sensitivity training for managers and supervisors.
- 7.3.7 Supplier must develop standard factory forms to document all instances of discipline, including verbal warnings and ensure that these records are kept in individual worker files, as well as being filed centrally with HR or personnel. The personnel / HR files for terminated employees should include the following:
- A. Reasons for termination, especially in the case of dismissed employees. Detailed explanations for dismissal increase transparency in the facility's termination process.
 - B. Effective date of termination. Closed personnel files should be retained for no less than three years or according to local law.
- 7.3.8 For all levels of discipline, except a verbal warning, the signature or acknowledgement of the employee being disciplined should be recorded on the discipline form. However, factories cannot force employees to sign the form. If the employees elect to refuse to sign, this should be recorded on the form as it is.
- 7.3.9 Supplier must establish a counseling or grievance service or center for employees. The centre may perform a variety of useful functions. Specifically in relation to disciplinary practices, this should be the place where employees can report unauthorized forms of discipline, abuse and harassment. The centre staff should be suitably qualified to deal with complex or sensitive issues such as sexual harassment.
- 7.3.10 Supplier must adopt a company policy: police or other local authorities will not be involved in internal labor disputes or the disciplining of employees for minor and/or non-criminal acts or behavior.

Note: Avery Dennison recognizes that different management techniques are used throughout the world, and the employment standard requirements are not meant to establish a single management style for all Avery Dennison factories. However, to protect the dignity of workers, this standard seeks to ensure that factories act reasonably in deciding the nature and the amount of discipline to apply in given circumstances.

8 Health and Safety

8.1 Standard

The health and safety of employees is paramount to Avery Dennison. Employees will be provided with a safe and healthy workplace, and facilities will be operated in compliance with all applicable environmental, health and safety laws.

8.2 EHS Management Systems

Each location must have an occupational health and safety management system that includes policies and procedures for risk assessments, training, communication, performance measurement, accountability and documentation.

8.2.1 Each facility should have an active health and safety committee or an EHS representative/officer on which workers are represented; All assessments should be documented to evaluate workplace hazards.

8.2.1.1 Each facility must conduct the fire safety risk assessment on annual basis.

8.2.2 Supplier must ensure that any periodic health checks required by law are carried out for all workers with maintaining a completed record in employee files. Physical inspection fee for workers exposed to occupational hazards should be paid by employer.

8.2.3 All personnel should be trained on health & safety programs including fire safety when joining the company and have refresher training at least once a year.

8.3 Fire and Building Safety

Fire safety standards apply to all facilities, including but not limited to factories, dormitories, and canteens.

8.3.1 Permits and Building Design

8.3.1.1 Facilities must maintain valid fire licenses or permits as mandated by law. If required by law, such license or permit must be displayed in a visible location.

8.3.1.2 As mandated by law, facilities must obtain and maintain valid building / facility safety license permits as well as permits for intended use.

8.3.1.3 **Best Practices:** Facilities need to comply with local law requirement in case of modification of existing building.

8.3.2 Emergency Egress

- 8.3.2.1 Aisles, exits and stairwells are kept clear, unblocked and unlocked at all times.
- 8.3.2.2 Facilities will establish an adequate evacuation plan complying with local law, in any event such a plan, must include key information such as the location of emergency exits, fire alarms and fire extinguishers; evacuation route; assigned responsible personnel; and meeting location after exiting the building.
- 8.3.2.3 **Best Practices:** This should include an evacuation route map that is maintained/updated, posted in local language, and includes a “you are here” mark. Sufficient evacuation maps must be posted in and included a “you are here” mark. Sufficient evacuation maps must be posted in the working stations and main aisles inside the facility so that the workers can easily and quickly determine a way out of the facility. Evacuation plan map should be at A3 size minimum.
- 8.3.2.4 Facility emergency exits for rooms larger than 750 square feet or occupancy of more than 10 people must be properly marked with illuminated signs (e.g., light yellow or glow in the dark lighting, as permitted by law) in the local language.
- 8.3.2.5 Facilities must be marked and lighted emergency exit routes for all occupied floors and areas of the building, including stairwells. Emergency lights for such exit routes must be fire grade ‘commercial emergency lights’ for use in smoke and fire environments, and facilities must have a secondary power source connected to these in the event of electricity power failure.
- 8.3.2.6 Facilities must have evacuation routes without any obstructions that lead to safe assembly points located outside the facility at a safe distance away. Assembly points must be designated and kept clear at all times.
- 8.3.2.7 Emergency exit doors must open in the direction of evacuation (i.e., outward) and be side hinged (e.g., exit doors cannot be rolling or sliding).
- 8.3.2.8 Facilities, including dormitories and canteens, shall have sufficient number of emergency exits in compliance with local law and regulations and any applicable standards; If without local law, must have 2 emergency exits every floor.

8.3.2.9 Best Practices: Emergency exit number per occupied floor or any portion thereof can be calculated based on the following occupancy rates. Only facilities with areas smaller than 750 square feet and occupancy of less than 10 persons are permitted to have one emergency exit. External fire escape routes are also preferred. For this requirement, only the exceptions allowed under the National Fire Protection Association 101 Safety Code (**NFPA 101**) will be considered.

Number of emergency exits per number of person:

10 - 499 persons	500 – 1000 persons	>1000 persons
2 or more	3 or more	4 or more

8.3.2.10 Best Practices: Emergency exits with independent pathways must be remotely located at a reasonable distance from each other. The emergency exits shall not be located on the same wall. Preferably emergency exits are located on opposite ends of the building.

8.3.2.11 Best Practices: Travel distance to an exit from any point in the building shall comply with the following maximum distances, as measured along the path of travel. Where these limitations cannot be met, additional exits and/or rearrangement of egress configuration should be considered.

Factory (Industrial)*		Office		Distribution Center**	
Sprinklered	Non-Sprinklered	Sprinklered	Non-Sprinklered	Sprinklered	Non-Sprinklered
250 ft / 76 m	200 ft / 61 m	300 ft / 91 m	200 ft / 61 m	400 ft / 122 m	200/ 61 m

8.3.3 Fire Equipment

8.3.3.1 Facilities have functional, accessible, and properly maintained fire extinguishing equipment that is adequate for the hazard level of operation, and which at a minimum must include fire extinguishers.

8.3.3.2 Fire extinguishing equipment is inspected at least on a monthly basis and these inspections must be documented.

8.3.3.3 Fire equipment must be kept clear and unblocked at all times.

8.3.3.4 Barred windows should have an internal emergency release mechanism and be easily identifiable and marked on evacuation route maps to facilitate alternative and effective means for fire rescue of all workers on each floor.

- 8.3.3.5 Facilities must provide access for fire department vehicles and other fire-fighting equipment in the facility premises.
- 8.3.3.6 Fire detection system (such as heat detector/smoke detector etc) must be in place if required by local law; Facilities must have effective fire alarm systems that provide audible and visual occupant notification to initiate evacuation in the event of an emergency and operate as one system throughout all areas and floors of the building. Notification methods include, but are not limited to, alarms and flashing lights.
- 8.3.3.7 Sprinkler or fire hydrant systems are inspected quarterly by competent internal staff and annually by an independent fire inspection company. Records of inspections must be maintained for audit.
- 8.3.3.8 Suppliers must ensure that an adequate water supply is available for sprinkler and fire hydrant systems so that enough is readily accessible in the event of a fire emergency.
- 8.3.3.9 Facilities must follow legal requirements regarding sprinkler and fire hydrant systems.
- 8.3.3.10 **Best Practices:** Facility should install the fire sprinkler to cover the fire accident risk even if there is no local law requirement.

8.3.4 Fire Safety Training

- 8.3.4.1 Country and Equipment Specific—Evacuation Drills
 - i. Facilities in Pakistan and Bangladesh must conduct evacuation drills a minimum of once every 3 months, and have these drills supervised by an independent third party such as the fire department. Evacuation drills can be completed in conjunction with annual emergency response training.
 - ii. Facilities in other countries, which have sprinkler or hydrant systems, must conduct evacuation drills a minimum of once every year. Evacuation drills can be completed in conjunction with annual emergency response training. No external oversight is required for these evacuation drills.
 - iii. Facilities in other countries, which do not have sprinkler or hydrant systems, must conduct evacuation drills a minimum of once every 3 months. Evacuation drills can be completed in conjunction with annual emergency response training. No external oversight is required for these evacuation drills.

- iv. All facilities should maintain documentation of the evacuation drills which should include at minimum the date, number of participants

(and their names if possible), and time it took to evacuate in order to confirm timely and effective personnel evacuation.
 - v. Evacuation drills must be conducted for all floors and shifts, and jointly with all occupants of the building.
- 8.3.4.2 Buildings which have multiple facilities or enterprises must ensure the combination of proper training and joint emergency drills enable employees to know and understand the drill procedures so they consider it routine. Facilities must have emergency response personnel (identified, trained, and present) for each floor, building and shift who will be in charge of evacuating the building in the event of a fire emergency. At a minimum, the emergency response personnel should be trained to notify workers of a fire or emergency, report fires and other emergencies to the fire department or designated emergency response organization, assist in the evacuation of workers, and verify that all workers have exited the building. Additionally, the emergency response personnel should be easily identifiable by all workers in the event of an emergency (e.g. specific arm band, flag or uniform) and there should be two per shift. This requirement may be fulfilled by fire brigades where they are required by law and meet these standards. Buildings which have multiple facilities or enterprises must ensure the combination of proper training and joint emergency drills enable employees to know and understand the drill procedures so they consider it routine . Facilities must have emergency response personnel (identified, trained, and present) for each floor, building and shift who will be in charge of evacuating the building in the event of a fire emergency (including security guards for AD manufacturing facilities). At a minimum, the emergency response personnel should be trained to notify workers of a fire or emergency, report fires and other emergencies to the fire department or designated emergency response organization, assist in the evacuation of workers, and verify that all workers have exited the building. Additionally, the emergency response personnel should be easily identifiable by all workers in the event of an emergency (e.g. specific arm band, flag or uniform) and there should be two per shift. This requirement may be fulfilled by fire brigades where they are required by law and meet these standards. When the factory is closed, the facility should make sure there is an effective emergency response mechanism in the place. If any emergency response personnel assigned, the facility should ensure the assigned personnel is well trained in the event of a fire emergency when the factory is closed.

8.3.5 Fire Safety Procedures

- 8.3.5.1 Hazardous liquids, flammable chemicals and combustible materials must be kept away from ignition or heat sources (e.g., spark producing equipment such as grinder, hot water heater, and equipment with gas pilots) and not stored on the roof of the facility. All such hazardous, flammable, or combustible materials should be stored in approved containers in a designated storage area and/or a flammable liquids storage cabinet. Anti-static containers and fire extinguishers should be readily available in areas where such materials are stored. Only staff that has been trained in proper handling and is authorized is permitted to handle these materials.
- 8.3.5.2 Facilities should have a documented electrical maintenance program.
The maintenance program should include at a minimum the routine inspection of the electrical system of the building for damaged wiring, separated conduits, improper installations, and overloaded / damaged circuits. The facilities should ensure that extension cords are not being utilized for permanent application and that multiple outlet adapters or “surge protector strips” are not being connected to each other.
- 8.3.5.3 Facilities must have a fire safety committee, or assign this responsibility to an existing committee. Such a committee must be made up of employees, management, and representatives from high hazard areas to discuss and address any concerns and improve practices on fire safety in the facility including dormitories and canteens, and all fire safety committee meetings must be documented.
- 8.3.5.4 Uncontrolled smoking is forbidden inside any facility. Smoking is only permitted in specially designated smoking areas equipped with proper fire protection and ventilation.
- 8.3.5.5 **Best Practices:** Facilities are encouraged to have an established Hot Work Programme controlled by a permit system and administered by trained and competent staff.
- 8.3.5.6 Where the factory provides child-care center/nursery, factory management must ensure that the facilities are in compliance with local law but in any event completely separated from production areas, and located on the ground floor or in a separate non-industrial facility; If child-care facilities are not in a separate building, they must not be accessible from production areas. Additionally, children should be properly cared for and supervised. Risk scenario’s will be developed and documented.

Such scenario's need to confirm that child care facilities would not in any way be exposed to hazards or calamities.

8.3.5.7 Facilities and buildings should have internal inspection on a routine basis but not less than once a month by trained personnel to ensure that all of the above fire safety standards are met at all times.

8.4 **Accident and Incident**

Sites must maintain detailed accident and incident documents.

8.4.1 Detailed records are required that provide evidence for injury, near miss and incidents that have occurred at the site

8.5 **First Aid**

All facilities should have first aid supplies / cabinet (1 cabinet per 100 employees) on every factory floor and in a central location.

8.5.1 The location should maintain an appropriate number of first aid kits & supplies

8.5.2 All first aid kits should be properly stocked and easily accessible

8.5.3 Factory should provide regular first aid and safety training to workers and First aid responders should be identified and properly trained. The first aid responder should be in the place for each shift and equipped followed the local law.

8.6 **Personal Protective Equipment**

All Factories must have appropriate personal protective equipment (PPE), glasses, gloves, goggles, ear plugs and safety boots, at no cost to all workers and visitors as well as instruction in PPE usage and maintenance. Workers should not incur any costs related to the normal and regular provision and maintenance of PPE.

8.6.1 PPE should be provided for workers as required, and should be provided to workers and visitors free of charge.

Best Practices

8.6.2 All workers must be trained by EHS leader of site in the proper use of PPE at least once a year

8.6.3 All equipment being used should be in good condition, and regularly replaced/maintained according to needs

8.6.4 Signage should be visible in the general area and/or at workstations indicating where and what type of personal protective equipment is required for that area

8.7 **Machine Safety**

Machinery should be equipped with operational safety devices and should be

inspected and serviced on a regular basis.

- 8.7.1 All machines and tools must have adequate safety devices in accordance with local law, and the work at height should be equipped with related safety devices and the sharp tools should be well maintained.
- 8.7.2 Special equipment including elevator, forklift, boiler, compressor vessel etc should be inspected regularly and operator should be certified based on local law.
- 8.7.3 Workers must be trained on the safe use of machinery, and the risks of operation by Management, their supervisors or by EHS staff as a part of new employee orientation program

Best Practices

- 8.7.4 All machines and tools should be regularly maintained by authorized persons (manufacturers recommendations, best practices and local laws must be followed for time periods of maintenance)
- 8.7.5 Management, supervisors and EHS staff are responsible for developing written procedures for each machine/ tool, detailing how to use it safely (in a language understood by workers)
- 8.7.6 Management of Hazardous Energy Sources including electrical, mechanical, pneumatic (compressed air), hydraulic, chemical, thermal, kinetic and radiation. All energy sources should be de-energized and where possible, locks should be placed on switches and valves to ensure that they are not inadvertently switched on during shutdown, and tags used to make clear to all why energy source is locked out (off). (Lock Out Tag Out)

8.8 Electrical Safety

Wiring and electrical systems should be maintained in a safe condition by licensed electricians and repaired if necessary; Maintenance must be carried out in accordance with local legal requirements and as frequently as required by applicable laws.

- 8.8.1 The workplace must be free from electrical hazards such as: exposed wiring, open fuse panels or missing cover plates
- 8.8.2 All circuit breaker panels should remain closed and secured
- 8.8.3 Adequate clearance near electrical isolators, fuse boxes, circuit breaker panels, and emergency isolators should be maintained to allow access at all times.
- 8.8.4 High voltage equipment must be clearly marked with recognizable signs as required by local law.

Best Practices

8.8.5 Wiring and electrical systems must be routinely checked by licensed electricians and repaired if necessary (manufacturers recommendations, best practices and local laws must be followed for time periods of maintenance).

8.8.6 Extension cords should not be used in place of permanent wiring or daisy chained together.

8.9 **Material Storage Safety**

The facility should ensure the products, materials, spare parts stored on the racks or shelves are safe against the local law or follow below requirement, whichever is higher:

- i. Materials must be secured or taking other prevention for following conditions:
 - a) On the storage racks ≥ 3 m height, multi-layers goods stacking must be wrapped
 - b) Goods stacking next to the walkway should be ≤ 1.5 m
 - c) Empty pallets stacking on the ground should be ≤ 2 m
- ii. ≥ 50 cm (or local legal minimum) safe distance should be maintain from fire sprinklers, ceiling, beams and lights, wall etc.

8.10 **Chemical Management Programme & HAZCOM**

Each location should establish a HAZCOM (Hazardous Communication) program which includes (as a minimum): Material Safety Data Sheets (MSDS), procedures for safe chemical handling, storing and transportation, employee training and correct chemical container labeling. Chemical management is in compliance with relevant legislation.

8.10.1 An up to date register of MSDS's for all materials on-site should be maintained

8.10.2 Each factory should maintain an inventory of all hazardous materials used in the workplace

8.10.3 Containers must be labeled using recognized and understood chemical labeling (GHS, NFPA, HMIS or equivalent systems)

8.10.4 Suppliers must obtain permit(s) for hazardous substances handling and/or storage as per applicable legal requirement, training needs to be provided to workers for handling dangerous / hazardous materials

8.10.5 Hazardous waste is separated from ordinary waste and are checked regularly for spills.

8.10.6 Incompatible materials (including waste materials) such as acids/bases, oxidizers and flammable/combustibles, must be separated and stored in designated areas only.

8.10.7 Eyewash station and/or shower is available for chemical handling, storage

areas and place where required by local law; Fully functioning eyewash stations and safety showers should be equipped and maintained in production and lab areas.

- 8.10.8 Chemicals, chemical containers and their waste containers (e.g. drums, dumpsters, skips) should be stored properly.
- 8.10.9 Spill containment procedures must be implemented across the site to control any unplanned release of “in-process” chemicals.

8.11 **Noise Exposure**

All locations should ensure compliance with applicable laws and regulations pertaining to occupational noise exposure and hearing conservation. Employees exposed to noise levels above 85db shall be included in a Hearing Conservation Program (HCP) and monitored for changes in hearing levels.

- 8.11.1 The location should monitor noise levels and determine if noise levels are above 85 db.
- 8.11.2 Appropriate hearing protection should be provided in areas with decibel readings above 85 (optional); above 90 (required).

Best Practices

- 8.11.3 Each facility must maintain a written Hearing Conservation Program.
- 8.11.4 Employees must be tested in accordance with the HCP on an annual basis.
- 8.11.5 HCP training should be conducted at the site every 18 months or in accordance with the local law.
- 8.11.6 If site level noise levels are at 85db, then management and EHS responsible of the site must develop a plan to abate noise levels.

8.12 **Contractor Control**

The location should ensure all contractor activities whilst on site comply with local legislation and any Avery Dennison Health & Safety requirements.

Best Practices

- 8.12.1 Avery Dennison auditor will inspect the safety performance of contractor during work on a daily basis (as a minimum).
- 8.12.2 If the contractor is found to be in breach of agreed standards/rules, Avery Dennison auditor will immediately discuss this with the contractor and request that corrective action(s) be taken.
- 8.12.3 If the type of violation can cause imminent danger to life or serious injuries, the Avery Dennison auditor should stop the contractor work immediately until the situation is improved, and consider whether to allow the contractor to continue working on the site

9 Environmental

9.1 Standard

All suppliers will comply with all applicable environmental regulations and ensure that other relevant requirements are achieved. Sites must take proactive measures to protect and minimize impacts to the environment.

9.2 Environmental management systems

Environmental management systems must be established for every site and should include policies and procedures for risk assessments, training, communication, performance measurement, accountability and documentation.

9.2.1 The facility must obtain all permits required according to applicable local laws, and conduct environmental impact risk assessments initially and review them annually.

Best Practices

9.2.2 The facility must set targets and objectives to improve environmental performance. Targets and objectives must be linked to key environmental risks.

9.3 Wastewater (Treatment / Discharge / Conservation)

Wastewater discharged from facilities should meet Water Quality Guidelines of the Sustainable Water Group and/or all applicable local and/or national laws, whichever are more stringent.

9.3.1 The facility must have a process flow diagram showing all areas of water usage and discharge points.

9.3.2 The facility must hold the necessary permits per local law requirement.

Best Practices

9.3.3 The facility must maintain copies of recent test results that demonstrate compliance with all local and national laws and regulations.

9.4 Waste Management

Sites should establish a guideline for waste storage and management.

9.4.1 All hazardous waste and non-hazardous waste should be stored in separate areas.

9.4.2 The facility must maintain a profile of all waste streams generated at the facility.

9.4.3 The facility must maintain an inventory of all hazardous materials used and hazardous waste generated in the workplace.

- 9.4.4 The facility must have the proper permits for hazardous and non-hazardous waste handling, and ensure hazardous waste is collected and disposed off-site by licensed contractors in accordance with local law.
- 9.4.5 All employees who work with wastes (hazardous /non-hazardous) must be trained in the proper methods of storing, handling, labeling, methods of disposal, the risks of hazardous chemical substances, PPE needed, complying with local laws and regulations, emergency procedures for handling accidental discharges, waste minimization and tracking wastes generated.

Best Practices

- 9.4.6 The facility should perform a waste reduction assessment, sometimes referred to as a “waste minimization audit”.
- 9.4.7 If wastes are being recycled (either on or off site), maintain a list of waste types on the site.
- 9.4.8 The facility should have documented emergency response procedures and it should be communicated to the local authorities.
- 9.4.9 The factory should have a written Hazard Communication Standard Program.

9.5 Storage Tanks ddfdfdfdfd

Aboveground or underground storage tank systems that contain petroleum products, chemicals or hazardous materials should comply with all applicable laws and regulations pertaining to tank systems, and have a written plan for preventing spills or leaks to the environment.

- 9.5.1 The facility should inspect storage tanks regularly for spillage and maintain an inspection record.
- 9.5.2 The facility should have a written procedure covering the requirements associated with Above Ground and Underground storagetanks.

Best Practices

- 9.5.3 The facility workers should be trained in the handling of material leakage, procedures for filling and transferring material from storage tanks and maintenance of storage tank systems.
- 9.5.4 Underground storage tanks should be tested on a periodic basis to ensure that they are not leaking.

9.6 Air Emissions

Factories should ensure compliance with applicable laws and regulations pertaining to emissions to the air – and if required obtain the necessary permits and demonstrate compliance with those permits.

- 9.6.1 The facility should have all necessary permits required for any emissions

to the air.

9.6.2 Workers should be trained in the requirements dictated by applicable laws and regulations relating to air emissions.

9.6.3 The air emissions of the facility should be assessed / monitored regularly.

9.7 **Energy efficiency**

When feasible, factories should work to implement energy efficiency measures.

9.7.1 The facility must designate and train an employee with responsibility for managing the energy program.

9.7.2 A monitoring and tracking system should be established for energy.

Best Practices

9.7.3 The facility should produce and review monthly reports on energy use.

9.7.4 The facility should set energy savings goals and objectives in alignment with OCM.

9.7.5 Energy requirements should be reviewed by factory management on a monthly basis.

9.7.6 KW usage per unit produced should be measured.

9.8 **Water Conservation**

Best Practices

Sites should make efforts to conserve and reuse water throughout the production process.

9.8.1 The facility should monitor the amount of water used.

9.8.2 The facility should have a water conservation program.

9.8.3 The facility should have not any free flowing or leaking faucets.

9.8.4 The facility should have any system that enables the recycling or reuse of water.

9.9 **Environmental noise monitoring**

Environmental noise monitoring should be implemented in the facility followed the local law.

10 Unauthorized Subcontracting

- 10.1 We understand that the manufacturing capabilities of each of our Suppliers is by definition limited and there may be operations that would need to be completed by a Subcontractor of our Supplier.

This represent a major risk to our customers and Avery Dennison as our production could take place in facilities that have not been audited and/or not meet our auditing standards. Therefore, no subcontracting of finished items or processes is allowed without written approval of Avery Dennison.

11 General Living Environment

Occasionally Avery Dennison suppliers provide on-site employee dormitories. As these dormitories are considered part of the production site, they fall into the factory audit scope.

Below are specific rules for employee dormitories:

11.1 National/Local Standards

All safety requirements applicable for the factory workshop (see above Health and Safety chapter) also apply to the dormitory.

11.2 General Living Facilities

11.2.1 General

- Separate accommodations should be provided for men and women
- Living quarters must be located outside and separated from the factory workshop or warehouse. Production in residential and commercial building is not allowed if this violates local law requirements.
- The dormitory should have an independent entrance that does not involve passing through the factory workshop
- Heating, air-conditioning and ventilation should be appropriate for the climatic conditions and provide workers with a comfortable and healthy environment to rest and spend their spare time.
- Both natural and artificial lighting must be provided and maintained in living facilities. It is best practice that the window area represents not less than 5% to 10% of the floor area. Emergency lighting must be provided.

11.2.2 Room/Dormitory Facilities

Space

In collective rooms, a reasonable number of workers are allowed to share the same room. From 2 to 8 workers per room are allowed or per the local law, whichever is more stringent

Bed

The provision of an adequate numbers of beds of an appropriate size is essential. Particular attention should be paid to employee privacy. Consideration may be given to local customs so beds could be replaced by hammocks or sleeping mats for instance.

- Each resident should have his/her own bed. The practice of "hot-bedding" is prohibited.
- The minimum space between beds is 1 meter and there must be at least 1.10 meters of clear space between the lower and upper bunk of the be

- Triple deck bunks are prohibited
- Bed linen must be washed frequently and applied with repellents and disinfectants where conditions warrant
- Each bed should have curtains in order to ensure individual privacy.

Storage

- Lockable storage must be provided for workers personal belongings
- Separate storage for work boots and other personal protection equipment, as well as drying/airing areas should be provided.

11.2.3 Canteen & Drink water testing

If there is on site Canteen in the facility, there should be required certificate following the local law; Facility should provide free drinking water to the employees and should be tested followed legal requirement.

11.2.4 Sanitary and Toilet Facilities

Factory should provide toilets to employees and should be clean and sanitary followed legal requirement or ICAP requirement (refer to the detailed requirement in living quarter session), whichever is stricter.

It is essential to allow workers to maintain a good standard of personal hygiene but also to prevent contamination and the spread of diseases which result from inadequate sanitary facilities.

- Separate sanitary and toilet facilities should be provided for men and women
- 1 toilet, 1 hand wash basin, 1 urinal and 1 bathroom with bench per 15 workers should be provided or per the local law, whichever is more stringent.
- Suitable light, ventilation and soap should be provided.
- Facilities must be kept in good working condition and cleaned frequently.
- Toilet rooms shall be located so as to be accessible without any individual passing through any sleeping room.
- Toilets and other sanitary facilities should be in the same building as rooms and dormitories.

11.2.5 Security of Workers' Accommodation

Ensuring the security of workers and their personal property while in the dormitories should be an important management priority.

Employee's rights to free access of the dormitory during off hours or breaks must not be restricted.

Note:

References used for this section:

ILO Workers' Housing Recommendation 115

IFC/EBRD | Guidance on Workers' Accommodation, August 2009)

IFC PS4 and EBRD PR4

Singapore National Environment Agency - Code of Practice on Environmental Health, 2005

12 Shared Facilities

12.1 We understand that suppliers may use shared facilities.

Example:

- Suppliers may share a building (for example, our subcontractor use floor 1 and 2, while other third parties are not related to Avery Dennison, may be using other floors.
- Several factories on the same compound may be sharing dormitories (for example, dormitories for Avery Dennison subcontractor may be on floor 2 and 3, The other factories, not related to Avery Dennison may be using the other floors.

Generally, in the event of an audit, Avery Dennison will audit only the part of the shared facilities that are currently occupied by our subcontractors. However, Avery Dennison auditors will make an assessment of whether the use of the remainder of the facilities by third parties in any way could or does materially impact the safety at the Supplier's premises or pose a material risk to the quality of products to be supplied to Avery Dennison or the services to be provided. Dangerous circumstances or situations posing a material risk to safety or product or service delivery at the Supplier's premises will not be acceptable.

12.2 Interconnected fire alarms must exist throughout the building, This means, where an alarm is triggered in one part of the building or on one floor will activate all alarms in the building.

12.3 Supplier must cooperate with other tenants that share the same facilities to develop a Building Safety Inspection for the shared building annually.

12.4 All tenants must allow access to their facilities during factory audits and for fire safety inspections, if such a visit is limited to a fire inspection, upon request.

13 Confidentiality, Transparency and Ethics

13.1 Confidentiality

Suppliers may not use nor disclose to any other person or entity any confidential or proprietary information or trade secrets, including without limitation, business plans, financial information, data, know-how, formulae, processes, designs, sketches, photographs, plans, drawings, specifications, samples, reports, pricing information, studies, findings, inventions, and ideas for any purpose other than to provide products and services to Avery Dennison. Any information that is not readily available to the public shall be considered confidential information.

KEY REQUIREMENTS:

- **Supplier shall commit to protecting the reasonable privacy expectations of personal information of everyone they do business with**, including its Suppliers, customers, consumers and employees. Supplier will comply with applicable privacy and information security laws and regulatory requirements if personal information is collected, stored, processed, transmitted and shared.
- **Supplier will develop a confidentiality program based on Avery Dennison standards, due diligence and industry best practices that mitigate the risk of inadvertent or deliberate disclosure of any confidential or proprietary information or trade secrets.** Risks are based on legislative, malicious and non-malicious exposures.
- **Supplier will assign a corporate privacy / confidentiality team** to develop, implement and maintain the corporate privacy / confidentiality program.
- All records or any trade secrets or confidential information of Avery Dennison and/or those with whom it has dealings with shall be given to Avery Dennison on the termination of the relationship or upon the request of Avery Dennison.
- All confidential information of Avery Dennison should be kept in a secure, locked area when not in use and copying is not permitted except to the extent required to perform a particular job or task as instructed by Avery Dennison. Copies should then be destroyed or kept with the originals in the secured area.

13.2 Conflict of Interest, Bribes and Kickbacks

CONFLICTS OF INTEREST

- Each Supplier shall ensure that its financial, business, or other non-work related activities are lawful and free of conflicts with its responsibilities to Avery Dennison.
- Each Supplier must disclose all personal or family relationships with Avery Dennison, including but not limited to those with any Avery Dennison employees, representatives or agents that select, manage or evaluate such Supplier.
- Each Supplier must disclose all personal or family relationships with any

government officials or representatives, or politicians or political parties.

BRIBES AND KICKBACKS

Avery Dennison takes a zero-tolerance approach to all forms of corruption and bribery and expects its Suppliers to comply with the laws and regulations relevant to countering corruption and bribery in all the countries Avery Dennison and the Suppliers operate, including, but not limited to, the U.S. Foreign Corrupt Practices Act (FCPA), UK Bribery Act and the applicable local laws and regulations.

INDICATORS OF NONCOMPLIANCE:

Examples of “red flags” that could indicate bribery or corruption include:

- Gifts to or from parties engaged in a bidding process.
- Any gift of cash or cash equivalents.
- Any gift that is offered for something in return.
- Any gift that appears excessive because it is of a value above the maximum permitted by company policy.
- Any gift that is paid for personally in order to avoid having to report or seek approval.

BEST PRACTICES:

- Do not make a payment, provide a gift or other service in order to obtain a contract or business;
- Do not make payments without supporting documentation (contracts, invoices...);
- Do not make payments to a person of influence (e.g. charitable or political contribution) near the time of a contract or procurement decision related to this person of influence;
- Do not make a payment or commission to an offshore or non-reputable bank account or to a name/person different from the one earning the payment/commission;
- Do not make or accept lavish gifts or entertainment;
- Do not make or accept repeated gifts or entertainment.

13.3 Falsified Document

Supplier is required to provide the accurate and truthful documents/record. The use of the falsified records, double book or similar documents, providing knowingly false information would result in the disqualification of the supplier from future business with Avery Dennison.

Questions and Answers

At the end of a Supplier closing meeting, the factory manager offers the auditor some money for all of his hard work and says he would appreciate it if he can modify some of the findings so it doesn't sound as bad. When the auditor does not take the money, and explains that bribes are unacceptable and must be reported immediately to the customer, the factory manager says there must be some misunderstanding. He was just giving the money as a courtesy for auditor's hard work. Is this acceptable?

No. Auditor should NOT accept the excuse of Chinese-specific-culture, courtesy, etc. This issue should be reported to Avery Dennison immediately for review.

If, in the end, a bribe is not paid by the Supplier or accepted by the auditor, why must the issue be reported?

It is irrelevant whether the bribe is accepted or ultimately paid – merely offering or requesting the bribe or benefit constitutes as a zero tolerance issue for Avery Dennison and, generally, most other companies. A bribe or any other unethical act by a Supplier or factory potentially puts companies in breach of the laws in the jurisdictions in which they operate and can result in reputational harm. The offender may also be found guilty of a breach of laws and subject to fines or in severe cases, imprisonment. Therefore, it is critical that Suppliers understand expectations and that Suppliers review their own internal controls and procedures to assess if they are adequate to prevent and detect bribery.

What are the legal consequences or penalties of the breach of anti-corruption and bribery related laws?

Bribery and corruption are punishable for individuals by criminal imprisonment, fines and other penalties. If an entity is found to have taken part in corruption, it could face an unlimited fine and confiscation of any illegal income derived from the bribery. Business competitors may also bring a civil claim for unfair competition. In addition, if an entity commits criminal commercial bribery or official bribery, then not only is the entity itself subject to a fine, but the “persons in charge who are directly responsible” for the crime and “other directly responsible persons” are also potentially subject to criminal detention, imprisonment and/or a fine.

13.4 Right to Access

To measure compliance of Suppliers with these Standards, Avery Dennison, or a third party designated by Avery Dennison, may conduct announced or unannounced assessments, audits and reviews of facilities and records. All Suppliers are subject to assessment that shall include inspection of facilities, gathering information from employees and review of all relevant documentation and records.

Assessments may be conducted at the discretion of Avery Dennison. If violations are identified, Avery Dennison will provide the Supplier with a written description of the violation(s), a detailed explanation of actions that must be taken by the Supplier to correct the violation and a timeframe within which the corrections must be made. Failure to correct the violations within the prescribed timeframe may result in cancellation of orders and/or termination of the relationship. In the event the assessment finds any suspected illegal activity, Avery Dennison will report the findings to local authorities.

KEY REQUIREMENTS:

- **Avery Dennison is conducting announced audits.** In some extreme circumstances, Avery Dennison will conduct unannounced audits. Such inspections may include site tours covering factory workplace and dormitory (if applicable), employee interviews, a review of necessary documentation, etc. We take confidentiality very seriously and understand that some part of the factory is not accessible for intellectual property reasons.
- **Suppliers must maintain all documentation necessary** to demonstrate compliance with the Avery Dennison Supplier Standards.
- **Suppliers must also allow representatives of Avery Dennison full access to facilities, documents and employees.**
- **Suppliers shall promptly correct any issues of non-compliance** that may be found during the course of compliance inspections.
- **Shared facilities:** in the case of shared facilities (building between different companies, dormitories between different company, etc...), only the section related to the Avery Dennison subcontractor is in scope for the audit.

Unless Avery Dennison auditors have good reason to suspect that the use of the remainder of the shared facilities in any way seriously impacts safety at the facilities or the quality of the product to be supplied or services to be provided to Avery Dennison.

14 Glossary of Terms

Agent / Agency	A company buying goods manufactured by others to supply a retailer or brand. Agents also referred to as buying agents do not manufacture any part of the product themselves
Assessment	A systematic process of collecting and analyzing data to determine the current, historical or projected status of an organization.
Collective bargaining	Collective bargaining (CB) sometimes called a Collective Bargaining Agreement (CBA) is an arrangement whereby working conditions and wages are fixed by negotiation between workers' representatives (a trade union or other body) and their management.
Child	Any person less than 15 years of age, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age would apply.
Child labor	Any work by a child younger than the age(s) specified in the above definition of a child.
Compliance	A term used widely within the garment industry to refer to the implementation, monitoring and verification of a code of conduct (i.e., compliance with the standards set out in a code of conduct). It assumes that responsibility for the conditions that create poor working conditions rests solely with the factory, who must 'comply' with the conditions set by the buyer.
Corrective action	A corrective action is a change implemented to address a weakness/ non compliance identified in an ethical audit. Action taken to correct any non compliance which has been found in an assessment to an agreed standard.
Corrective action plan	This is a document completed at an audit which confirms the findings and any agreed actions.
Debt bondage	Occurs when, in return for a money advance or credit,

	<p>a person, having nothing else to offer, pledges his/her labor or that of a child for an indefinite period of time. Technically, bonded laborers can end their state of servitude once the debt is repaid.</p>
Disability	<p>Limitation or loss (incidental to impairment) of the ability to carry out an activity in the way or to the extent considered as normal.</p>
Discrimination	<p>Different treatment given to people in hiring, remuneration, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age.</p>
Equal opportunities	<p>Employer's adoption of employment practices that do not discriminate on the basis of race, color, religion, sex or national origin. The opposite of Discrimination.</p>
Freedom of association	<p>The right of all workers to join or form a trade union of their own choosing and carry out trade union activities without interference from their employer or from public authorities.</p>
Forced labor	<p>All work or service that is extracted from any person under the menace of any penalty for which said person has not offered himself/herself voluntarily or for which such work or service is demanded as a means of repayment of debt.</p>
Grievance procedure	<p>A process or procedure to deal with employees who may feel that they have been treated unfairly.</p>
Hazard	<p>Potential for harmful effects.</p>
Hazardous jobs	<p>Hazardous jobs will include working with dangerous machinery / equipment (e.g. knives, saws); chemicals or hazardous substances; noisy environments; lifting heavy things; extreme cold or hot conditions. Some countries place specific limitations on juvenile and pregnant workers as it relates to hazardous jobs.</p>
Health and safety policy	<p>A statement of an organization's strategy for achieving a safe and healthy working environment and the responsibility, organization and arrangements for pursuing and implementing the strategy.</p>

Human rights	A set of principles defined in the Universal Declaration of Human Rights (1948), based on the recognition of the inherent dignity and the equal and inalienable rights of all members of the human family as the foundation of freedom, justice and peace in the world.
ILO and ILO conventions	International Labor Organization. The ILO is the UN specialized agency which seeks the promotion of social justice and internationally recognized human and labor rights. It formulates international labor standards in the form of Conventions and Recommendations setting minimum standards of basic labor rights. ILO Conventions have the force of international law, and states that ratify them are required to incorporate the principles in national law and to ensure the implementation of the law. In addition, all ILO member states, regardless of ratification, are obliged to respect, promote and realize the principles contained in the core ILO Conventions, which address freedom of association and the right to collective bargaining, forced labor, child labor, discrimination and equal remuneration.
Juvenile worker	Any worker over the age of a child as defined above and under the age of 18.
Monitoring	The process of regularly collecting information to check performance against certain criteria.
NGO	Non-governmental Organization, a catch-all phrase to describe pressure groups and non-profit organizations.
Non compliance	Any area where investigation highlights a variation from the required standard.
Piece rate	A method of paying workers by the number of items they produce, rather than the number of hours they work.
Production areas	Refers to physical sites where goods are grown, manufactured or assembled or, in the case of services, physical sites where there is a workforce.
Risk	A measure of the probability that damage to life, health, property, and/or the environment will occur as a result of a given hazard. Risk is measured in terms of impact and likelihood.

Standard	A widely agreed set of procedures, practices and specifications.
Subcontractor	A subcontractor is an individual or in many cases a business that signs a contract to perform part or all of the obligations of another's contract.
Supplier	A company that sells product to a 'sourcing company.' In many circumstances, the supplier will be involved in manufacturing or processing. A company that performs an intermediary role, e.g. a company that imports label raw materials from a third country and then sells this on to supermarkets, may be considered both as a 'sourcing company' and as a 'supplier'.
Trade union	An organization of workers that promotes and protects the interests of its members in issues such as wages and working conditions, especially through negotiations with employers.
Training	A process that aims at improving knowledge, skills, attitudes, and/or behaviors in a person so that he/she will be able to accomplish a specific job task or goal. Training is often focused on business needs and driven by time-critical business skills and knowledge. Its goal is often to improve performance.
Verification	Certification by and external auditor, of the validity, meaningfulness and completeness of and organization's records, reports or statements.
Worker organization / committee	This refers to trade unions or worker organizations/committees that meet with management to discuss workplace issues with management on behalf of workers.



Signature by subcontractor:

Name of the representative person:

Company name:

Date: