



Caprice Australia Pty Ltd

Modern Slavery Statement FY2023



Table of Contents

- 1. **Introduction**.....2
- 2. **Corporate Structure, Operations and Supply Chains**.....2
- 3. **Modern Slavery Risks**.....3
 - 3.1. Operations.....3
 - 3.2. Supply Chains3
- 4. **Risk Mitigation**.....4
- 5. **Assessing Effectiveness**.....5
- 6. **Consultation with Entities Owned or Controlled**.....5
- Modern Slavery Act 2018 (Cth)- Statement Annexure**.....6

Modern Slavery Statement FY2023

1. Introduction

Caprice Australia Pty Ltd (Caprice) is opposed to slavery in all its forms, including: human trafficking; slavery; servitude; forced labour; deceptive recruiting for labour or services; debt bondage; forced marriage; and the worst forms of child labour. This statement describes the steps taken by Caprice during the financial year ending 30 June 2023 (FY2023) to seek to assess and address the risk of modern slavery occurring in our operations and supply chains.

Our statement has been prepared in accordance with the reporting requirements of Australia's *Modern Slavery Act 2018* (Cth) and associated guidelines.

2. Our Structure, Operations and Supply Chains

Established in 1959 as a family owned business, Caprice has successfully grown into a multi-category supplier of generic, licensed and branded product. This diverse product range includes bedding, bedding accessories, towels, bath accessories, window furnishings, fabrics, arts and crafts, outerwear, sleepwear, underwear and socks, footwear, bags and luggage, stationary, rainwear and fashion accessories, pet products, home wear and storage.

Caprice's head office is located in Melbourne (Southbank), Australia, while our sourcing office is located in Wuxi Jiangsu, China. We have a total of 240 employees, 118 of whom are located in Australia and 122 located in China.

Our customers are primarily large Australian retailers, which include among others, Kmart Australia, Target Australia, Big W, Bunnings, Best and Less and Spotlight. Some of Caprice's key licensed brand partners include Disney, Marvel, Star Wars, Hasbro, Warner Brothers, Lego, Mattel, Coca Cola, BBC (Bluey), Universal, Nintendo, Microsoft, Sega and Mojang and Moose.

Caprice is also the owner of two iconic Australian brands, Mambo and Dri-Glo. Merchandise carrying these brands is sold through our retail customers and direct to consumers.

The goods we supply to our retail customers, or direct to consumers, are produced in third party supplier factories, which are not owned or operated by Caprice. Caprice has 163 registered supplier factories contracted to produce goods for or on behalf of Caprice. The majority of these factories are located in China, with a small number located in India, Indonesia, Pakistan, Vietnam and Bangladesh.

Caprice has a wholly owned subsidiary merchandise sourcing company, Glowstar (located in China). Glowstar has 275 registered third party factories located in China, India, Japan, South Korea and Pakistan, which produce and supply directly to our retail customers a wide range of merchandise.

Caprice has an interest in a joint venture, Caprice New Zealand, which operates within New Zealand in a similar market to Caprice Australia.

3. Modern Slavery Risks

Caprice assesses its modern slavery risks on at least an annual basis with reference to a number of modern slavery risk indices, including the Walk Free Foundation [Global Slavery Index](#), and information supplied to us through our extensive stakeholder networks (e.g. customers, suppliers, licensors, industry associations and governments).

3.1 Operations

In FY2023, Caprice assessed the risk of modern slavery in our direct business operations to be low. Caprice has a robust system of HR policies and procedures that ensure compliance with legally mandated employment entitlements and awards across the entire Caprice workforce. The policies apply to the Caprice operated offices and facilities in Australia and China.

3.2 Supply Chains

Caprice recognises that we can be exposed to the risk of modern slavery through the products we source and produce through our third party supplier factories. *The Global Slavery Index* has identified a [list](#) of 14 imported products common in G20 countries, such as Australia, which present a risk of forced labour. Caprice potentially has exposure to four products on the list as set out in the table below.

Global Slavery Index: Products at Risk of Forced Labour	Examples of Potential Caprice Supply Chain Product Exposure
Garments	Outerwear, innerwear, sleepwear, footwear, and accessories
Textiles	Bedding, towels, fabrics, soft home furnishings, and window furnishings
Cotton	Raw material used in manufacturing of apparel, footwear, bags, bedding, towels, fabrics, and window furnishings
Timber	Timber based products: storage, stationary, window furnishings, and apparel (viscose)

4. Risk Mitigation Actions

The need to manage the risk of modern slavery in our supply chain is a key consideration behind the design of the Caprice Ethical Sourcing (ES) Program. The ES Program is applicable to all Caprice supplier factories (including Caprice and Glowstar factories). Key elements of the program include:

- A comprehensive [Ethical Sourcing Code](#), which includes the minimum standards of conduct that all factories must meet as a condition of doing business with Caprice. The ES Code contains specific wording prohibiting conduct associated with modern slavery practices, including child labour, forced labour, human trafficking, non-compliance with local wage laws, forced overtime and unauthorised subcontracting;
- An [Ethical Sourcing Transparency Policy](#) setting out requirements under which our suppliers, when requested, must disclose information to us about their supply chain. This includes information about any tier in the supply chain, including finished goods manufacturers, processing facilities, component manufacturers, up to suppliers of raw materials;
- A robust audit and monitoring program that requires all registered Caprice supplier factories to have an approved ethical sourcing audit prior to onboarding, with a minimum audit renewal cycle of every two years. In FY2023, 92% of Caprice supplier factories renewed their ES audits;
- Additional random unannounced audits of our supplier factories against the requirements of our ES Code;
- A whistleblower line (compliance@caprice.com.au) through which factory workers can report actual or suspected violations of our ES Code to Caprice;
- Corrective action processes to remediate non-compliances with our ethical sourcing standards;
- A critical non-compliance process to guide our response to critical non-compliances with our standards (including withdrawal from factory);
- All Caprice supplier factories are required to register their factory in our online production management and compliance system, *3clicks*, through which we manage the ethical sourcing onboarding and audit processes; and
- A Standard Operating Procedure documenting the ES Program's governance structure, program objectives, internal roles and responsibilities, operational aspects of the audit program, and processes to assess program effectiveness, including through half yearly reporting and an annual review process.

Further information on the Caprice ES Program is available [here](#).

In FY2023, Caprice took a number of actions to strengthen our ES Program, including:

- **Factory training and site visits:** The Caprice ethical sourcing team, located in Wuxi, China, strengthened its focus on factory site visits and training as a means of reinforcing Caprice ethical sourcing and modern slavery standards in our supplier factories. Over the course of FY2023, a total of 164 Caprice/Glowstar factories received a site visit and/or training from the Caprice ethical sourcing team. This is in addition to the regular ethical sourcing audit cycle outlined above.
- **Cotton supply chain traceability:** In association with a key retail customer, Caprice participated in a follow up *Modern Slavery Declaration and Survey* regarding fabric manufacturers and cotton sourcing and yarn used in the manufacturing of the retail customer's own brand apparel and home textile products. The disclosure process aids in the mitigation of modern slavery risks arising from high risk cotton regions and supports Caprice's continued efforts to map our high risk Tier 2 and 3 processing facilities.
- **Global Organic Textile Standard Certification:** Caprice renewed its certification to the Global Organic Content Standard (GOTS). GOTS is the world leading standard for organic textile products. It sets strict requirements, not only on the organic status

and environmental aspects of textile production, but also social criteria. These include freedom of association, child labour, migrant workers, living wage, among others. GOTS is a chain of custody certification, meaning these requirements must be met by all tiers in the supply chain, including Caprice, as traders.

5. Assessing Effectiveness

Responsibility for assessing and addressing modern slavery risks is assigned to Caprice's Compliance Manager under the oversight of the Caprice Managing Directors. In accordance with the *Caprice ES Standard Operating Procedure*, the Caprice Compliance Manager provided the Managing Directors with two half year reports on the implementation and effectiveness of the ES Program in FY2023. The half yearly reports are used to identify improvements or variations in the ES program overtime.

The reports included, among others, the following indicators:

- Total number of factories
- Factories with a valid ethical sourcing audit (mandatory under our program)
- ES factory audit gradings using the Caprice ES grading system
- Number of factories audited in the reporting period
- Number of factories with audits due for renewal (30 days)
- Number of critical non-compliances (CNC)
- Details of responses to CNCs
- Number of factory ES Program site visits and training conducted in reporting period
- Significant ES program issues/activities in reporting period

Caprice's overall modern slavery risk management approach is reviewed at least annually and was reviewed in the FY2023 reporting period.

6. Consultation with Entities Owned or Controlled

Caprice consulted the relevant companies we own or control in the development of this Statement.

This Statement was approved by the Board of Caprice Australia Pty Ltd on 23 October 2023.



.....
Harvey Lewis, Managing Director
23 October 2023



.....
Mark Hansky, Managing Director
23 October 2023

MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE

Mandatory reporting criteria required by <i>Modern Slavery Act 2018</i>	Caprice Australia Pty Ltd Modern Slavery Statement
a) Identify the reporting entity	Section 1, page 2
b) Describe the reporting entity’s structure, operations and supply chains	Section 2, page 2
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Section 3, page 3
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes	Section 4, pages 3 and 4
e) Describe how the reporting entity assesses the effectiveness of these actions	Section 5, page 5
f) Describe the process of consultation with any entities the reporting entity owns or controls	Section 6, page 5
g) Any other information that the reporting entity, or the entity giving the statement, considers relevant.	N/A