



## **Caprice Australia Pty Ltd**

### **Modern Slavery Statement FY2021**



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# Modern Slavery Statement FY 2021

## 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 2021 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.

Caprice's head office is located in Southbank, Australia while our sourcing office is located in Wuxi Jiangsu, China. We have a total of 197 employees, 115 of whom are located in Australia and 82 located in China.

Our customers are primarily large Australian retailers, which include among others, Kmart Australia, Target Australia, Big W, Best and Less, Spotlight, Myer and Cotton On. Some of Caprice's key licenced brand partners include Disney, Marvel, Star Wars, Warner Brothers, Lego, Mattel, Nickelodeon, Universal and Moose.

Caprice is also the owner of two iconic Australian brands, Mambo and Dri-Glo. Merchandise carrying these brands are 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 159 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, Pakistan, Vietnam and Bangladesh.

Caprice has a wholly owned subsidiary merchandise sourcing company, Glowstar (located in China). Glowstar has 239 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 FY 2021, 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 through the products we source and produce through our third party supplier factories, we can be exposed to the risk of modern slavery. *The Global Slavery Index* has identified a [shortlist](#) list of 15 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 short 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                                                 |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Apparel                                                 | Outerwear, innerwear, sleepwear, footwear, and accessories                                                  |
| Electronics                                             | Electronic craft products                                                                                   |
| Cotton                                                  | Raw material used in manufacturing of apparel, footwear, bags, bedding, towels, fabrics, window furnishings |
| Timber                                                  | Timber based products: arts and crafts, 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:

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- 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, including child labour, forced labour, human trafficking, non-compliance with local wage laws and unauthorised subcontracting;
  - A robust audit and monitoring program that requires all registered Caprice supplier factories to have an approved ethical sourcing audit prior to onboarding;
  - Additional random unannounced audits of our supplier factories against the requirements of our ES Code;
  - A whistleblower line ([compliance@caprice.com.au](mailto: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 FY 2021, Caprice took a number of actions to strengthen our ethical sourcing program, including:

- **Supply chain expectations:** We have clarified in our [Ethical Sourcing Code](#) the expectation that our supplier factories must ensure their own suppliers, or any third party providing raw materials, components, labour or services to the supplier, also comply with the standards of conduct outlined in the Code. This is particularly important in the context of the prohibitions against Forced Labour and Child Labour.
- **Transparency Policy:** We have introduced a new [Ethical Sourcing Transparency Policy](#) setting out requirements under which our suppliers, when requested, must disclose to us information about their supply chain. This includes information about any tier in the supply chain, including finished goods manufacturers, processing facilities, component manufacturers, down to suppliers of raw materials.
- **Supplier Manual:** We have developed a [Caprice Ethical Sourcing Program Supplier Manual](#), which summarises in one location the different elements of our ethical sourcing program. This will be an important resource for both new and existing suppliers to ensure they fully understand Caprice's ethical sourcing program requirements.
- **High Risk designations:** We have introduced a new process for restricting or prohibiting sourcing activities designated by Caprice as High Risk (see section 11 of the [Ethical Sourcing Program Supplier Manual](#)). High Risk designations may apply to any sourcing activity which constitutes, or could result in, a significant breach of Caprice's ethical sourcing standards or a Caprice customer/licensor's ethical sourcing standards. Caprice may issue a direction which restricts or prohibits suppliers from engaging in a High Risk sourcing activity. When a High Risk

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designation is made, Caprice will issue a communication to factories impacted by the designation.

## 5. Assessing Effectiveness

Responsibility for assessing and addressing modern slavery risks has been assigned to Caprice's Compliance Manager under the oversight of the Managing Directors. The Caprice ES Standard Operating Procedure requires the Caprice Compliance Manager to provide the Managing Directors with a half yearly report on the implementation and effectiveness of the ES program. The report includes, among others, the following indicators:

- Total number of factories
- Factories with a valid ethical sourcing audit (mandatory under our program)
- 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

We are currently strengthening our internal reporting processes with the introduction of a new ethical sourcing traffic light grading system that will enable Caprice to track the ethical sourcing performance of our supplier factories over time.

Caprice's overall modern slavery risk management approach is reviewed at least annually and was reviewed in the FY2021 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 27 October 2021.



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**Harvey Lewis, Managing Director**  
**27 October 2021**



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**Mark Hansky, Managing Director**  
**27 October 2021**