

# IPS SUPPLIER COMPLIANCE GUIDEBOOK

VS&Co  
VICTORIA'S SECRET & CO.

Dear Partner,

Victoria's Secret & Co.'s success is built upon a foundation of leading with our values and working to improve the lives of our associates, customers, partners and communities. As a supplier partner, you are a respected and valued part of our team, and we are reliant upon you to uphold our company values, policies and guidelines. This extends to our Independent Production Services (IPS) Compliance Guidebook that codifies our expectations for adherence to our Supplier Code of Conduct.

The IPS team maintains the Guidebook as a tool to help all of us better understand and fully comply with applicable legal, regulatory and business standards for our industry around the globe – outlining clear expectations on labor standards and workplace conditions, brand protection, trade compliance and supply chain security.

As a global company, we are committed to engaging with suppliers who respect human rights, provide safe and inclusive workplaces and promote environmentally sustainable practices. We believe that relationships based on transparency, collaboration and mutual respect are integral to making this happen.

We're committed to our supply chain to ensure human rights are protected. This is a top priority for us, and we are truly appreciative of your partnership in upholding this commitment each and every day.

With respect,



*Martin Waters, Chief Executive Officer  
VS&Co & Victoria's Secret*



# TABLE OF CONTENTS

<b>INTRODUCTION</b> .....	<b>1</b>
Overview .....	1
Who is IPS? .....	1
What is the IPS Compliance Guidebook? .....	1
Where to Learn More .....	1

<b>A. SUPPLIER CODE OF CONDUCT &amp; POLICIES</b> .....	<b>2</b>
1. Supplier Code of Conduct .....	2
2. Policies .....	3
2a. Cotton Policy .....	3
2b. Conflict Minerals Policy .....	5
2c. Foreign Migrant Worker Policy .....	5
2d. 24-Hour Notification Policy .....	5
2e. Sourcing Country Policy .....	7
3. Action for Non-Compliance .....	7

<b>B. IPS COMPLIANCE AUDIT PROGRAM</b> ..	<b>8</b>
Overview .....	8
1. IPS Audit Objectives .....	8
2. IPS Audit Process .....	9
3. Audit Results .....	9
4. New Factories .....	9
Factory Evaluation for Pre-Production Authorization Flow Chart .....	10

<b>C. LABOR STANDARDS &amp; WORKPLACE CONDITIONS</b> .....	<b>11</b>
1. A Fair & Respectful Workplace .....	11
1a. Forced Labor, Slavery & Human Trafficking .....	11
1b. Child Labor .....	12
1c. Discrimination .....	13
1d. Harassment or Abuse, including Gender-Based Violence & Harassment (GBVH) .....	14
1e. Freedom of Association, Right to Organize & Collective Bargaining .....	16
1f. Wages & Benefits .....	17
1g. Working Hours .....	18
2. Health & Safety in the Workplace .....	18
2a. Health & Safety .....	18
2b. Environment .....	21
3. Open & Honest Communication .....	21
3a. Transparency & Traceability .....	21
3b. Subcontracting .....	22
3c. Anti-Corruption/Anti-Bribery .....	23

<b>VULNERABLE WORKERS</b> .....	<b>24</b>
1. Women Workers .....	24
2. Foreign Migrant Workers .....	25
3. Authorized Young Workers .....	25
4. Other Workers .....	25

<b>D. TRADE COMPLIANCE</b> .....	<b>26</b>
Overview .....	26
1. Program Assessment Standards .....	26
2. Subcontracting .....	26

<b>E. SUPPLY CHAIN SECURITY</b> .....	<b>27</b>
Overview .....	27
1. Risk Assessment & Review .....	27
2. Program Requirements .....	28
3. Importer Security Requirements .....	30

<b>F. REMEDIATION</b> .....	<b>31</b>
Requirements .....	31
VS&Co Corrective Action Plan Process Flow Chart .....	32

<b>G. SUPPLIER RESPONSIBILITIES &amp; MANAGEMENT SYSTEMS</b> .....	<b>33</b>
1. Management Systems .....	33
2. Communicate with IPS .....	33
3. Communicate with Factories & Sub-Suppliers .....	34
4. Due Diligence .....	34

<b>H. PLATFORMS</b> .....	<b>35</b>
---------------------------	-----------

<b>APPENDIX A — SUPPLIER CODE OF CONDUCT</b> .....	<b>37</b>
--	-----------

<b>APPENDIX B — CONTACTS</b> .....	<b>38</b>
------------------------------------	-----------

# INTRODUCTION

## Overview

Victoria's Secret & Co. (VS&Co) is fully committed to ensuring our products are ethically sourced. Partnerships based on responsible sourcing strengthen our supply chain and the businesses within it. This commitment starts with our leaders and cascades throughout our organization. We hold ourselves and each other accountable to our values in all that we do, which are Love the Customer, Passion with Purpose, Better Together, and Diversity, Equity & Inclusion (DEI) is Everything. In that spirit, we strongly believe that the quality of our merchandise begins with the treatment of the people who create our products.

Suppliers are a respected part of our team, and we look to you to live to our company values as well, which are reflected in specific company policies and guidelines. VS&Co only works with suppliers that share our commitment to ethical and responsible business practices. This commitment is embedded in the many measures by which we evaluate supplier partners and has been part of our comprehensive and proprietary approach to how we do business for decades.

### OUR VALUES

- *Love the Customer*
- *Passion with Purpose*
- *Better Together*
- *Diversity, Equity & Inclusion (DEI) is Everything*

## Who is IPS?

Independent Production Services (IPS) is a function within VS&Co that works with suppliers to ensure goods are sourced from factories that meet or exceed VS&Co's compliance standards and policies. IPS is responsible for monitoring and enforcing VS&Co's social compliance program and has been supporting global compliance for more than two decades, enabling improvement in working conditions, supply chain security, trade compliance and brand protection in our supply chain through monitoring, remediation, capacity building and training.

IPS defines "supplier" as the vendor or partner who has signed the Master Sourcing Agreement (MSA) directly with VS&Co.

## What is the IPS Compliance Guidebook?

The IPS Compliance Guidebook (Guidebook) includes a set of mandatory requirements which all our suppliers as well as their factories, sub-suppliers and subcontractors need to meet to be able to do business with VS&Co. We encourage our suppliers to move from the mandatory requirements to industry best practices whenever possible.

VS&Co suppliers must sign the MSA before VS&Co can issue purchase orders and the supplier can begin producing our products. The MSA states that suppliers must comply with VS&Co policies, which includes the Guidebook – a collection of policies and all applicable laws and regulations.

The Guidebook does not replace the local laws of each country where suppliers and factories are located. If our compliance standards differ from local laws, we expect our suppliers to follow the stricter standard. Each supplier and factory should be familiar with and comply with all laws and regulations relevant to their business.

If we discover that a supplier or factory is not in compliance [with local laws and/or our standards and policies], we will partner with them to bring them into compliance. We are committed to continuous improvement and will not partner with suppliers and factories that are unwilling or unable to work with us to achieve compliance.

IPS expects suppliers and factories to refer to this Guidebook when they have questions about VS&Co standards, the IPS compliance audit process, or want to better understand how to partner and communicate with IPS. If you have any questions that are not answered by reviewing the Guidebook and referring to local laws, please contact IPS for guidance.

## Where to Learn More

IPS is committed to supplier education and hosts annual awareness and training sessions on compliance standards in multiple countries around the world or virtually when in person trainings are not possible. The training sessions are for suppliers and associates who have direct responsibility for supply chain management. We also use one-on-one training along with compliance audits and corrective action management to continuously educate factories and reinforce VS&Co's Supplier Code of Conduct and compliance standards.

To learn more about IPS and our compliance programs and standards, please visit IPS' website at <http://ips.steton.com> or contact IPS directly by referring to the Contacts section within this Guidebook.

# A. SUPPLIER CODE OF CONDUCT & POLICIES

VS&Co has a longstanding commitment of working with suppliers to improve manufacturing conditions and minimizing negative impacts to workers, local communities and the environment. We align ourselves only with suppliers that share this commitment. As the industry evolves and new issues arise, standards for brands and retailers are raised. Therefore, VS&Co continuously reviews internal policies to align with industry standards and best practices. In recent years we have evolved our standards and programs to drive improved outcomes for the workers in the supply chain and the communities where our suppliers operate. VS&Co has a Supplier Code of Conduct and important policies in place to guide our suppliers to meet our standards and clearly specify our expectations. Our company policies and guidelines help us mitigate risk and build trust among consumers.

TIER DEFINITION	
TIER 1	Finished goods manufacturing
TIER 2	Facilities that supply Tier 1 facilities with fabrics, trims or components
	Facilities that provide processing services (e.g., embroidery, printing, laundries)
TIER 3	Raw material processing
TIER 4	Raw material extraction

## 1. Supplier Code of Conduct

The Supplier Code of Conduct (see [Appendix A](#)) was updated in 2021 to more accurately reflect current standards and requirements, and to enhance value for VS&Co and our suppliers while leveraging industry best practices.

The update to our Supplier Code of Conduct does not represent a major change in our requirements for suppliers. Rather, the changes elevate key expectations to emphasize the depth of our work and standards.

The Supplier Code of Conduct sets forth standards – in addition to all relevant laws, regulations and conventions – that apply to suppliers and their factories, sub-suppliers and subcontractors. Suppliers must adhere to these standards and communicate them to all workers in all countries in which they operate, in the preferred language(s) of the workers. The Supplier Code of Conduct is based on core International Labour Organization Conventions ([ILO Conventions](#)), the Universal Declaration of Human Rights, and Principles 1-6 of the UN Global Compact.

## 2. Policies

### 2a. Cotton Policy

VS&Co's Cotton Policy requires all cotton fiber, cotton yarn, cotton fabric and cotton products originate from or be spun in one or more of the following approved countries as designated:

COUNTRY/REGION	COTTON FIBER MAY ONLY ORIGINATE FROM:	COTTON YARN SPINNING ALLOWED IN:	COTTON PROCESSING <sup>1</sup> AND MANUFACTURING ALLOWED IN:
Australia	✓	✓	✓
Bangladesh <i>(Note: Only designated facilities upon IPS approval)</i>		✓	✓
Benin	✓	✓	✓
Brazil	✓	✓	✓
Burkina Faso	✓	✓	✓
Colombia		✓	✓
Costa Rica		✓	✓
Dominican Republic			✓
Egypt	✓	✓	✓
El Salvador			✓
European Union <sup>2</sup>		✓	✓
Guatemala		✓	✓
Haiti			✓
Honduras		✓	✓
India	✓	✓	✓
Indonesia		✓	✓
Israel	✓	✓	✓
Jordan			✓
Kenya			✓
Madagascar	✓	✓	✓
Mali	✓	✓	✓

COUNTRY/REGION	COTTON FIBER MAY ONLY ORIGINATE FROM:	COTTON YARN SPINNING ALLOWED IN:	COTTON PROCESSING <sup>1</sup> AND MANUFACTURING ALLOWED IN:
Mauritius		✓	✓
Mexico		✓	✓
Peru	✓	✓	✓
Philippines			✓
South Africa		✓	✓
South Korea		✓	✓
Sri Lanka			✓
Tanzania	✓	✓	✓
Thailand		✓	✓
Togo	✓	✓	✓
Turkey	✓	✓	✓
U.S.A.	✓	✓	✓
Uganda	✓	✓	✓
United Kingdom		✓	✓
Vietnam		✓	✓
Zambia	✓	✓	✓

**NOTE<sup>1</sup>:** Cotton processing includes knitting, weaving, dyeing and printing. All other cotton processing facilities must be approved by IPS on a case by case basis.

**NOTE<sup>2</sup>:** European Union Includes Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain And Sweden.

## Verification and Due Diligence

We expect our suppliers to undertake appropriate due diligence to confirm compliance with this policy. Suppliers are required to retain all documentation for the origin of raw materials, processing and manufacturing to ensure transparency and traceability of our cotton supply chain. Independent Production Services (IPS) may conduct chain of custody audits to verify cotton fiber, cotton yarn, cotton fabric and cotton product originated from an approved country.

### 2b. Conflict Minerals Policy

VS&Co prohibits its suppliers from using conflict minerals which may directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo and its adjoining countries in accordance with the Dodd-Frank Conflict Minerals Provisions. According to U.S. federal law (Dodd-Frank Act, Section 1502), all U.S. public companies, including VS&Co, are required to perform a country of origin (COO) investigation for any 3TG (tin, tantalum, tungsten and gold) in their products, including whether sourcing of those metals may have benefited non-state armed groups in the Democratic Republic of Congo (DRC) or its nine adjoining countries (collectively known as the “DRC+9”).

We require our suppliers to retain records related to conflict minerals supply chain inquiries for a minimum of five years and make them available to VS&Co or its designee during audits or upon request. This includes but is not limited to declarations from sub-suppliers, purchasing records, and other supporting documents to substantiate where the 3TG material originated.

### 2c. Foreign Migrant Worker Policy

The Supplier Code of Conduct states that forced, prison, indentured, bonded, and slave labor as well as labor obtained through human trafficking are prohibited throughout our supply chain. Foreign migrant workers who travel across country borders to obtain employment are most vulnerable to modern slavery. Therefore, we have established a policy to ensure that we minimize any risk of modern slavery in our supply chain. The policy requires an executive approval process to use a factory that employs foreign migrant workers. Approval will be contingent on positive results found during a specialized audit developed in accordance with the International Labour Organization’s Handbook on Combatting Forced Labour ([ILO Handbook](#)). Factories that employ foreign migrant workers are closely monitored to ensure workers are treated in accordance with the law and do not pay for their employment nor incur debt related to their recruitment or hiring process.

Workers must retain control of their travel documents, have freedom of movement and be informed on the basic terms of their employment before leaving their home country/region.

*The United States Securities and Exchange Commission (SEC) adopted the Conflict Minerals rule in 2012 as a result of Section 1502 of the Dodd-Frank Act. The goal of the rule is to end violence and human rights abuses perpetrated by armed groups during the extraction of natural resources in the Democratic Republic of Congo (DRC). The natural resources most often involved in these atrocities are tin, tantalum, tungsten, and gold (3TG). These minerals and their derivatives are commonly known as “conflict minerals” when they originate in the DRC or its nine adjoining countries (DRC+9) and their extraction contributes to the conflict in the DRC. This rule requires U.S. companies like VS&Co to determine if their products contain 3TG that is necessary to the product’s function or production and disclose whether those minerals were sourced from the DRC+9.*

### 2d. 24-Hour Notification Policy

#### Compliance Requirements

As part of our due diligence and risk assessment, certain practices at factories are identified as elevated risk and require immediate notification to IPS within 24 hours. They may be identified by a factory, supplier, auditor, VS&Co associate or any other actor that identifies such practices. The practices considered elevated risk are the following:

#### 1. Forced Labor, Slavery & Human Trafficking

- Forced, prison, indentured, bonded, and slave labor as well as labor obtained through human trafficking
- Deposits or recruitment fees being paid by workers
- Workers paying a fee or deposit to secure a job
- Employers retaining workers’ personal identity documents or lack of freedom of movement
- Workers not being allowed to legally terminate their contracts or termination results in an illegal penalty
- Factories using un-registered or illegal labor agencies
- Labor contracts not meeting legal requirements
- Workers not receiving a copy of their labor contracts in their preferred language before leaving their home country/region



## 2. Freedom of Association, Right to Organize & Collective Bargaining

- Workers' rights to freedom of association and collective bargaining not being respected
- Workers not being able to join a union or bargain freely in the factory where legally allowed to do so
- Union activities not being allowed or not being recognized by the employer
- Union members being discriminated, intimidated, or terminated because of a legal union affiliation or organizing efforts

## 3. Child Labor

- Workers not being the local minimum legal working age or [International Labour Organization](#) standard, whichever is higher

## 4. Wages & Benefits

- Workers not being paid the minimum wage, not being compensated for all overtime worked and not being provided benefits as stipulated by local laws
- Workers not being able to control withdrawals from their bank accounts
- Pay day being 30 days late

## 5. Hours of Work

- Workers unable to refuse overtime
- Workers raising concerns of being penalized or facing retaliation/retribution when they refuse overtime

## 6. Discrimination

- Discrimination in employment, including hiring, compensation, advancement, termination or discipline

## 7. Harassment or Abuse

- Violence and harassment, or threats thereof, that aim at, result in, or are likely to result in physical, psychological, sexual or economic harm, including but not limited to gender-based violence and harassment
- Employers using threat of violence
- Workers raising concerns about being uncomfortable while authorized personnel of any gender conduct physical security searches

## 8. Health & Safety

- Health and safety violations including workplace accidents that result in serious injury, illness or death
- Fire at a factory site
- No separation of men and women in dormitory rooms

## 9. Subcontracting

- Unauthorized subcontracting

## 10. Transparency & Traceability

- Worker/payroll records not being available during an audit or being inaccurate
- More than 10% of payroll records not being available during an audit or a finding of inconsistent records
- A situation of our company representative, subcontractors and authorized agents not given unrestricted access to all workers, production facilities and dormitories, and not being granted access to all relevant records related to production facilities and sub-suppliers, whether or not notice is provided in advance
- Factories not having a system in place or documentation to support worker eligibility to work in the country where the factory is located

## 11. Other

- Bribes or anything of value are offered, gifted, authorized, requested, accepted or received to improperly influence someone or gain an improper advantage
- Supplier dropping a factory for labor standards issues raised by another client
- Suspected violations of laws and regulations or labor standards including, but not limited to, United States laws and/or regulations relating to the country of origin or country of destination of goods produced for or sold to VS&Co
- "Suspected violations" shall be interpreted broadly to include all facts and circumstances that suggest any significant possibility that a violation of any law or regulation or labor standard has occurred or will occur
- If a governmental or non-governmental agency, United States or otherwise, begins an investigation or inquiry into the supplier or its factories or subcontractors that relates to issues arising under laws and regulations or labor standards
- Confirmed supply chain security incident where a security seal was broken and there is evidence that container was entered, regardless of whether product was removed or not
- Theft or diversion of VS&Co goods
- Workers or their supporters make public demands such as demonstrations, internet campaigns, letter writing campaigns, strikes, work stoppage, etc.

Findings of such practices require investigation and internal escalation to IPS Leadership. In instances when a supplier is aware of any of these practices taking place at one of their factories producing for VS&Co, the supplier must notify IPS with a written report via email within 24 hours. The report must include:

- The name of the factory and any other manufacturing facility involved in the incident

- The status of any individuals involved, including when integrity of health, safety or wellbeing are a factor
- The purchase order number for any order impacted during the incident, if applicable
- A description of the potential elevated risk incident, inquiry, investigation or other occurrence

After a thorough investigation is conducted to determine root causes of the violation(s) found and overall compliance of other VS&Co standards, remediation may take place if it is decided the factory can remain active for VS&Co production contingent on executive leadership approval.

### **2e. Sourcing Country Policy**

VS&Co will not source product from any country or region prohibited or restricted by law as sanctioned by the Office of Foreign Assets Control (OFAC) or any U.S. government entity. In addition, some countries – or regions within a country – with potential geo-political or social risks may pose a risk to our supply chain. As a result, producing in certain countries/regions requires pre-approval from VS&Co's Executive Leadership, and may require more robust compliance oversight. Suppliers are required to initiate the factory approval process when new factories are being added, by informing VS&Co of the province and country where the factory is located.

## **3. Action for Non-Compliance**

Suppliers are required to comply with all laws. In addition suppliers are required to comply with all policies listed in this Guidebook and respond to all VS&Co requests regarding any legal requirement or VS&Co policies. Failure to do so will result in escalation to VS&Co executive leadership and may result in any or all of the following actions.

- Warning letter
- Additional monitoring at the supplier's expense
- Financial penalties
- Reduction or loss of business with VS&Co

**NOTE:** Penalty actions will be taken against the Supplier at IPS' discretion and determined on a case-by-case basis.

*As a result of the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA) signed by the President on February 24, 2016, Section 307 of the Tariff Act of 1930 (19 U.S.C. § 1307) prohibits the importation of merchandise that has been mined, produced, or manufactured, wholly or in part, in any foreign country by forced labor – including prison labor and forced or indentured child labor. Such merchandise is subject to exclusion and/or seizure, and may lead to criminal investigation of the importer(s). The Act strengthens the capabilities of U.S. Customs and Border Protection (CBP) to enforce U.S. trade laws and regulations and prevent products made with forced labor from being imported into the United States.*

*In 2017, the U.S. government passed an additional law called the Countering America's Adversaries Through Sanctions Act. This law recognizes that North Korea has forced many of its citizens to migrate to other countries to work in certain factories; the U.S. government views this as forced labor. The law prohibits the importation of goods made wholly or in part by North Korean nationals or citizens working as convict, forced or indentured laborers. It is critical that our suppliers do not use any kind of forced labor in the production of our goods or use raw materials or components made by or obtained with forced labor. The supplier must be able to demonstrate that VS&Co products were not made using forced labor by providing documentation including but not limited to a factory profile, a description of production processes performed, support for raw materials purchases, daily production records, attendance and payroll records, worker contracts and documents to support the factory's hiring process and policies.*

*IPS defines "supplier" as the vendor or partner who has signed the Master Sourcing Agreement (MSA) directly with VS&Co*

# B. IPS COMPLIANCE AUDIT PROGRAM

## Overview

Improving factory conditions is a critical element of our overall commitment to global compliance, as well as a commitment to strong corporate governance and ethical business practices. To that end, we have a comprehensive internal audit program managed by IPS. Suppliers are expected to comply with our standards and observe all relevant laws, regulations and conventions in all countries where they and their factories operate. IPS or our designated third-party auditor is responsible for verifying that the supplier and its factories meet compliance standards in the four areas listed below:

- Labor Standards and Workplace Conditions
- Supply Chain Security
- Trade Compliance
- Brand Protection

Each supplier is required to sign VS&Co's MSA, which states that the supplier's factories and subcontractors involved in producing goods for VS&Co must cooperate fully in any audit or other review. Factories must give auditors full access to the facility being audited and provide all required documents for review. IPS or our third-party auditor has the right at any time to:

1. Conduct audits at the location where product manufacturing takes place
2. Conduct capacity monitoring or any other compliance review at any facility doing any type of production for VS&Co products
3. Inspect any or all documents or other records required to be maintained or provided

VS&Co's normal practice is to bear the cost of initial and annual audits and not pass the cost on to our suppliers. However, suppliers will be charged for the audit if a factory is dropped after the audit is already confirmed, or in cases when repeated violations or elevated risk issues are identified during subsequent audits.

*IPS reserves the right to conduct audits on an announced, semi-unannounced or unannounced basis.*

## 1. IPS Audit Objectives

IPS' goal is to support ongoing compliance with our standards and show factories how operating in a socially responsible way can improve their business. IPS does not aim to pass or fail a factory audit, rather, the objectives of our audit program are to:

- Assess whether potential new factories are capable of complying with our standards
- Ensure that existing factories continue to comply with our standards and work to continuously improve their compliance performance
- Identify non-compliance with VS&Co standards and relevant laws, regulations and conventions
- Assess a factory's compliance level in each audit area
- Detect unauthorized subcontracting
- Identify best practices

We also use audits to validate that our suppliers and their factories are being transparent and expect that only complete and accurate documentation be presented during an audit or other type of review.

## 2. IPS Audit Process

Audits may be conducted by IPS or one of our third-party audit partners. Audits may consist of any combination of the four areas listed in the previous Overview section.

All audits may be announced, semi-unannounced or unannounced. A specific date will be scheduled in advance of an announced audit. IPS will provide a two-week window for semi-unannounced audits. If an audit is unannounced, IPS or the assigned third-party auditor will arrive with identification to show they are from IPS or one of our third-party audit partners. In addition, the auditor will bring a signed letter notifying the factory of the unannounced audit and the telephone number of IPS management should the factory want to contact IPS to confirm the audit arrangement.

Audits may take one or more days to complete depending on the areas to be audited and the size of the facility. Audits consist of the following procedures:

1. An opening meeting to explain the areas the audit will cover
2. A factory tour
3. Review of any documents, photos or other records needed to verify compliance requirements
4. Worker interviews\*
5. A closing meeting to review any audit findings

Supplier partners are encouraged to join audits along with the factory management and the factory compliance manager.

\*During a labor standards audit, the audits performed by assigned third-party auditors include worker interviews in the workers' preferred language. IPS expects that the supplier or their factories or sub-suppliers will not interfere, discourage or punish workers for communicating with our appointed auditor. We also expect that workers are able to interview freely, without other workers or factory management participating or listening in.

## 3. Audit Results

After an audit is conducted and approved by IPS management, the supplier will receive an automatic Audit Result Notification from AuditResults\_IPS@steton.com, with an alert that audit reports are available in RizePoint (refer to section H to learn about the RizePoint Platform). Suppliers will be given access to the audit report for each area reviewed. If an automatic notification is not available, IPS will email the supplier to notify them that the audit report is available and to advise if corrective actions are required. Suppliers are responsible for sending audit reports to their factories and partnering with them to review and complete corrective action plans.

Audit reports include a summary showing the score for each area and an overall score. The total score does not indicate a "pass" or "fail" result. Instead, the score represents the compliance level of the factory in each area.

Depending on the score achieved, IPS may waive the factory's audit for the following year. For an audit to be waived, scores must reflect a low risk level and the supplier and factory must not have a history of violations. Audit waivers are granted at the discretion of IPS leadership and VS&Co executive leadership.

*IPS defines "supplier" as the vendor or partner who has signed the Master Sourcing Agreement (MSA) directly with VS&Co.*

## 4. New Factories

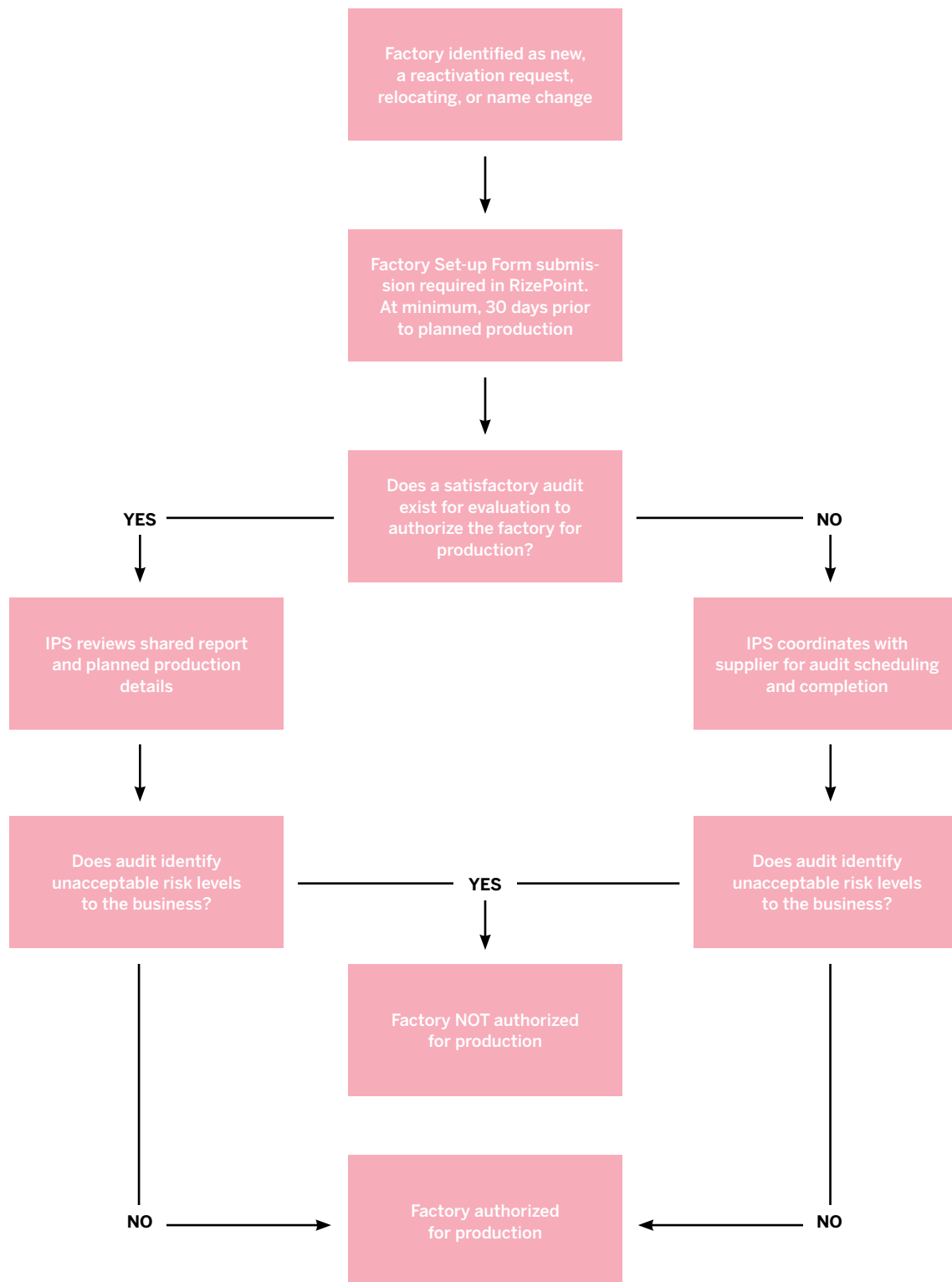
A labor standards and workplace conditions audit must be conducted in all potential new factories before production may begin. After the audit is conducted, IPS will review the audit result, determine if the factory is authorized for production and notify our brand partners and the supplier of the decision.

Suppliers should enter potential new factories into RizePoint at least 30 days prior to planned production so the pre-production audit can be conducted. If the supplier has a labor standard audit report for the new factory, and the audit was conducted by a reputable audit firm within six months prior to the approval request date, the report may be shared with IPS for review. IPS may accept the audit instead of conducting a pre-production audit.

The following sections will provide details on our standards for the four areas IPS monitors: Labor Standards and Workplace Conditions, Supply Chain Security, Trade Compliance and Brand Protection.

*IPS conducts pre-production audits for all new factories.*

# FACTORY EVALUATION FOR PRE-PRODUCTION AUTHORIZATION FLOW CHART



# C. LABOR STANDARDS & WORKPLACE CONDITIONS

## 1. A Fair & Respectful Workplace

### 1a. Forced Labor, Slavery & Human Trafficking

#### Code Principle

Forced, prison, indentured, bonded, and slave labor as well as labor obtained through human trafficking are prohibited throughout our supply chain. Employers must not require workers to provide deposits or recruitment fees. If recruitment fees exist, the employer is responsible for payment of all employment eligibility and recruitment fees. The employer is not entitled to retain workers' personal identity documents and all workers must have freedom of movement. [ILO Conventions 29 and 105]

#### Requirements

##### Freedom of Movement

- Workers have freedom of movement within their designated work areas during work hours and within their dormitories during non-work hours, including access to toilets, bathroom facilities, canteens, drinking water stations, etc.
- Workers are free to leave the facility during meal periods or after work hours

##### Freedom of Overtime

- Overtime is voluntary without fear of negative consequences or retaliation/retribution

##### Prison Labor

- No form of prison labor, nor work with subcontractors and sub-suppliers that allow any form of prison labor is to take place

##### Freedom of Employment

- Workers enter employment voluntarily and freely, without threat

##### Termination of Employment

- Workers are free to legally terminate their contracts without penalty and accurate supporting records must be on file
- No restrictions for workers when terminating their employment (e.g., loss of wages or benefits)

#### Employment Agents

- Factories use legally approved/registered labor agencies in accordance with local law
- Factories are responsible for conducting thorough due diligence on all labor agents used in the recruitment and employment of foreign migrant workers
- Workers do not pay a fee or deposit to secure a job
- Factories are responsible for all fees associated with employment agencies

#### Employment Contracts & Documentation

- Labor contracts for all workers meet all legal requirements
- Workers receive a copy of their labor contracts before leaving their home country/region of origin in a language they can understand
- Employers explain the contract contents to workers in their preferred language before the contract is signed, and in the case of foreign migrant workers, before the workers leave their home country/region
- Factories have a formal contract with all legally approved/registered staffing agencies used to obtain temporary labor
- Staffing agency contracts indicate which party is responsible to verify workers' employment eligibility and have supporting documents available
- Factories have a system in place to verify that all workers are legal citizens or are eligible to work in the country of factory location

*VS&Co requires suppliers have responsible recruitment practices and comply with the Employer Pay Principle, to ensure factories producing for us do not charge recruitment fees to workers or use debt bondage or irregular, delayed, deferred or non-payment of wages.*

#### Control Over Personal Documents

- Workers retain original copies of personal documents (i.e., birth certificates, passports, work permits, residence cards, school certificates, labor contracts and national identity cards, etc.)

### *Debt Bondage & Recruitment Fees*

- Employers do not use irregular, delayed, deferred or non-payment of wages as a means to bind workers to employment
- Employers do not force workers to work in order to repay a debt
- Recruitment fees or deposits are not charged to workers, inclusive of fees for travel visas, health checks, employment registration, work permit, agency/management fees or referral fees
- Employers ensure workers have full control of their bank account(s) if they are paid by direct deposit into a bank

### **Best Practices**

- ✓ Employers have a written policy prohibiting the use of forced labor of any kind within their entire supply chain
- ✓ Employers make every effort to employ workers directly
- ✓ Employers provide regular forced labor awareness training to all workers

*For any factory employing or planning to employ foreign migrant workers (excluding management and office staff), the supplier must notify IPS. Our policy requires a specialized audit in these cases.*

## **1b. Child Labor**

### **Code Principle**

All workers shall be at least the local minimum legal working age or ILO standard, whichever is higher. The facility must take all necessary precautions to ensure that authorized young workers, under the age of 18, are protected from working conditions that could pose a danger to their health, safety, or development. [ILO Conventions 138 and 182]

### **Requirements**

#### *Underage Workers*

- All workers meet or exceed the minimum legal working age, or higher ILO mandated age, prior to their date of hire
- Only persons at or above the minimum legal working age are present in the work areas

#### *Screening Procedure & Documentation*

- Employers have systems in place to ensure age documents are accurate and complete at the time of recruitment

- Employers provide training to all hiring staff on methods to verify the age of workers using effective interview techniques and ways to identify falsified documents
- Personnel files contain copies of identification documents such as birth certificates, national ID cards or school certificates throughout the term of employment

### *Authorized Young Workers*

- Authorized young workers are registered with the local labor bureau where required by law
- Contracts are signed by a parent or guardian as required by law
- Employers protect the authorized young workers from working in hazardous areas
- Employers adhere to all local regulations regarding working hour restrictions for young workers, including regular hours, night hours and overtime hours
- Authorized young workers have access to proper health examinations as required by local law

### *Apprenticeship/Trainee/Internship Programs*

- Employers ensure that any participation in an apprenticeship/trainee/internship program is in accordance with local law and follow the minimum age legal requirements
- Wages are not less than the legal minimum wage for apprentices, trainees and interns
- The apprenticeship and training programs are only for jobs that develop technical skills for the operations performed at the factory
- The total number of program participants does not exceed the total number of permanent workers as required by law
- Employers do not use long-term apprenticeships or training programs to employ workers in low-wage or temporary positions

### **Best Practices**

- ✓ Employers have a tracking system for all authorized young workers (e.g., young workers registry)
- ✓ Employers require at least two forms of age/identity documents, preferably ones that have a photo ID

*Authorized young workers are workers who are under the age of 18 but above the legal minimum age requirement and protected from working conditions that could pose a danger to their health, safety or development.*

## **1c. Discrimination**

### **Code Principle**

Workers must be selected only on the basis of their ability to do the job. Employers must not discriminate in employment, including hiring, compensation, advancement, termination, or discipline, on the basis of sex, gender identity, race, religion or belief, age, disability, illness, sexual orientation, pregnancy, marital status, civil partnership, nationality, political opinion, social or ethnic origin, or other protected status. All workers, regardless of gender, shall receive equal pay for work of equal value. [ILO Conventions 100 and 111]

### **Requirements**

#### *Awareness*

- Factories have policies and hiring procedures regarding discriminatory awareness and actions in the workplace
- Employers provide training to all workers on discrimination awareness, particularly as it relates to gender equality
- Regular training is provided to Human Resources staff to ensure they understand hiring policies
- Regular training is provided to all workers in their preferred language(s) to ensure they understand non-discriminatory policies

#### *Non-Discrimination*

- Employers do not discriminate during employment, including hiring, compensation, advancement, termination, or discipline, on the basis of sex, gender identity, race, religion or belief, age, disability, illness, sexual orientation, pregnancy, marital status, civil partnership, nationality, political opinion, social or ethnic origin, or other protected status
- The use of medical examinations, such as pregnancy or HIV/AIDS tests, to prevent a worker from being employed is prohibited
- Medical tests if required by law comply with requirements and are not to be used in any discriminatory manner
- Workers are not forced or pressured to use contraception
- Pregnancy, disability, illness, union lead, or worker representative is not used as a basis for discriminatory practices like termination, demotion, etc.
- Religious observance, prayer breaks, and religious holidays are permitted

#### *Equality*

- Factories ensure non-local workers are treated fairly and on an equal basis with local workers
- Women and men receive equal pay for work of equal value, equal evaluation of the quality of their work assignment, promotion, and equal opportunities to fill open positions
- Employers do not implement factory policies or practices that favor one group of workers over another
- Foreign migrant workers or domestic migrant workers are treated fairly and on an equal basis with its local workers

#### *Pregnant Women*

- Employers provide breastfeeding and childcare facilities as needed or where required by law
- Employers do not demote, reduce wages, or terminate a woman worker because she is pregnant, immediately before maternity leave, during maternity leave or after returning from maternity leave
- Employers do not reduce salaries from pregnant workers for taking leave for prenatal medical checks throughout pregnancy
- Employers allow workers to take additional leave after the maternity leave allowance for that country, if allowed by law
- Pregnant women who work while standing are provided with chairs near their workstations for rest breaks
- Employers allow pregnant women to rest for half-an-hour every four hours of work and do not assign pregnant women in areas with hazardous working conditions

#### *Support for Special Needs*

- Employers are aware of women's special needs, particularly after childbirth, and provide them with benefits and facilities for meeting those needs
- Employers are aware of vulnerable workers with special needs (e.g. elderly workers, disabled workers, pregnant workers, etc.) and provide proper support including but not limited to lighter work, proper breaks, and flexible time options

*Pregnancy testing is not a condition for employment, nor is it demanded from workers.*



## Best Practices

- ✓ Employers maintain effective policies and procedures that promote gender equality and anti-discrimination
- ✓ Employers have a job performance evaluation process that includes data on productivity, absenteeism, work quality and other areas of job performance
- ✓ Employers provide maternity leave benefits if not defined by local law

*Employers do not implement factory policies or practices that favor one group of workers over another.*

## 1d. Harassment or Abuse, including Gender-Based Violence & Harassment (GBVH)

### Code Principle

Workers must be treated with respect and dignity. No worker shall be subject to humiliating or corporal punishment, and the workplace must be free from all forms of physical, sexual, psychological, or verbal punishment, coercion, intimidation, harassment or abuse. [ILO Convention 190]

### Requirements

#### *No Harassment & Abuse*

- Employers do not use threat of violence, rude or abusive language, physical abuse, lewd remarks, sexual harassment, corporal punishment, psychological or verbal abuse, or any other form of harassment or abuse against workers
- Employers have clear and established anti-harassment or abuse policies made available to all workers
- Physical security searches are applied equally to all workers and are performed in the open by authorized personnel who are of the same gender as the worker and with respect for the individual

*According to the ILO, Gender Based Violence and Harassment (GBVH) is “violence and harassment directed at persons because of their sex or gender, or affecting persons of a particular sex or gender disproportionately, and includes sexual harassment.” VS&Co believes elimination of and mitigation of risks leading to GBVH is key to advancing human rights globally. We strive to provide a safe environment for all associates, in all operations throughout our business and have developed specific requirements for our suppliers and their factories, sub-suppliers and subcontractors.*

#### *No Gender-Based Violence and Harassment (GBVH)*

- Employers provide a working environment that is equitable, inclusive, respectful, safe and free from GBVH
- GBVH does not occur in any work-related setting, including but not limited to:
  1. Workplace, including public and private spaces where work activities take place
  2. Breakrooms, canteens, sanitary, washing and changing facilities
  3. Work-related communications, including those enabled by information and communication technologies (e.g. instant messaging, social media, texts, etc.)
  4. Dormitories, such as employer-provided accommodation
  5. Commuting to and from work on employer-sponsored transportation
- Employers do not allow harassment directed at persons because of their sex or gender, or treat workers disproportionately because of their sex or gender
- Employers have clear policies and procedures in place of the rights and responsibilities for all employees, from workers to management, in relation to GBVH prevention and remediation
- Employers have GBVH training in place, for staff responsible for:
  1. Receiving complaints
  2. Responding to complaints
  3. Investigating complaints
- Employers provide information on support and remedies available to workers who raise grievances related to GBVH, as well as resources to victims and survivors (e.g. assistance programs to change work arrangements, allowing leave, providing counseling, etc.)

- Employers have a step-by-step process for workers on what to expect for each of the following actions:
  - Filing a complaint
  - Investigating a complaint / Decision flow process
  - Potential remedies and sanctions
  - Follow-up
  - Recording of complaint
  - Reporting of complaint
- Employers partner with a consultant or independent organization that is an expert in GBVH

### Best Practices

- ✓ Employers provide a description of the remediation measures that outline the rights of alleged victims, witnesses, and perpetrators
- ✓ Employers have a GBVH prevention and remediation plan that must be submitted to VS&Co
- ✓ Additional information on best practices can be found on page 45 of the ILO's [Violence and Harassment at Work: A Practical Guide for Employers](#)

*GBVH relates to the gender of both victim and perpetrator and encompasses all forms of violence, which may include, but is not limited to:*

- a) violence directed against a woman because she is a woman*
- b) social expectations and social positions based on gender*
- c) discrimination or violence for not conforming to a socially accepted gender role*

### IMPORTANT FACTS:

*According to the [World Health Organization](#), more than one in three women have experienced some form of violence during their lifetime. Since the figure excludes sexual harassment, it means the proportion of women experiencing GBVH is likely to be higher.*

*Additionally, GBVH risks tend to be higher in regions where temporary, informal and/or migrant workers are needed, typically leading to an influx of workers that are men, based on guidance by the [International Finance Corporation](#).*

**GBVH covers a range of unacceptable and unwelcomed actions and behaviors, that can cause offense, humiliation, or other physical or psychological injury or harm to an individual. \*Examples of prohibited conducts and behaviors:**

Physical Violence	<ul style="list-style-type: none"> <li>• Pushing, grabbing, shoving, tripping, slapping, biting, scratching, etc.</li> <li>• Throwing an object</li> </ul>
Psychological violence, acts that inflict mental harm and harassment	<ul style="list-style-type: none"> <li>• Bullying, yelling, threatening, insulting, offensive language, public humiliation, etc.</li> <li>• Making fun of a someone because of their sexuality, gender identity, race, ethnicity, culture, disability, caste, etc.</li> <li>• Changing work hours, giving unreasonable tasks or deadlines, to inconvenience a person</li> <li>• Abusive behavior targeting a vulnerable worker to resign prior to receiving due benefits</li> </ul>
Sexual violence and harassment	<ul style="list-style-type: none"> <li>• Sexual assault, rape, indecent exposure, stalking or obscene communication</li> <li>• Unwelcomed physical contact</li> <li>• Sexual comments</li> <li>• Repeatedly asking a co-worker to spend time together despite being rebuffed</li> <li>• Asking for sexual favors in exchange for a promise job or promotion</li> </ul>

\*Source: ILO's [Violence and Harassment at Work: A Practical Guide for Employers](#)

### Discipline Practices

- Discipline rules and practices are in compliance with local law and communicated to all workers in writing and verbally
- Employers do not use monetary fines as a form of discipline
- All disciplinary actions are recorded

### Grievance Mechanisms

- An effective worker grievance mechanism is available for all workers in their preferred language
- Factories develop multiple channels for workers to raise concerns and provide input to management anonymously
- Each grievance mechanism protects worker privacy, protects against retribution and allows concerns to be escalated to someone other than direct supervisors
- Factories train workers how to use grievance mechanisms in the preferred language(s) of workers, to report concerns, grievances and potential violations without fear of retaliation
- Employers establish written procedures for recording, filing and maintaining all grievances and follow-up discussion of procedures, including corrective actions
- Factories are transparent on the status of each grievance (e.g., grievance received, investigated, resolved, closed, etc.)

*An effective worker grievance mechanism should be available for all workers in their preferred language.*

### Best Practices

- ✓ Factories have progressive discipline methods to correct a worker's behavior toward becoming a productive member of the company. The disciplinary procedure should include:
  1. Verbal warning
  2. First written warning
  3. Second written warning
  4. Dismissal
- ✓ Factories post and maintain records of resolutions to complaints that all workers can access
- ✓ Factories form grievance committees with worker representatives where applicable
- ✓ Factories track, collect and screen data for all grievances, complaints and resolutions based on gender of workers

*IPS defines "supplier" as the vendor or partner who has signed the Master Sourcing Agreement (MSA) directly with VS&Co.*

## **1e. Freedom of Association, Right to Organize & Collective Bargaining**

### Code Principle

Workers' rights to freedom of association and collective bargaining must be respected, as well as rights to refrain from participating in organizations of their choosing. Facilities must not interfere with, harass or intimidate workers who lawfully and peacefully associate, organize or bargain collectively. [ILO Conventions 87, 98, 135 and 154]

### Requirements

#### *Workers' Rights of Association & Bargaining*

- All workers are free to form/join a trade union of their choosing or choose not to belong to a union
- Employers do not discriminate nor terminate those who choose to form or join unions, who participate in union activities, or choose not to belong to a union
- Employers are open to cooperation with union representatives

#### *Freedom of Association/Worker Committee*

- In countries where the law restricts freedom of association and collective bargaining, factories facilitate alternative means to establish worker representation, such as worker committees
- Records of meetings, including minutes and agendas with the union or worker committee, are on file and available for review

#### *Union Fees*

- Factories do not deduct union membership dues, fees or fines from workers' wages without written approval from the worker

### Best Practices

- ✓ Employers meet with trade unions or worker representatives regularly to understand worker concerns
- ✓ Employers provide private meeting space at the workplace for union (where legally recognized) or worker committees to host their meetings

## **1f. Wages & Benefits**

### **Code Principle**

Employers must compensate workers with at least the minimum wage prescribed by local law, the prevailing industry wage or the wage negotiated in a collective bargaining agreement, whichever is higher. Employers shall compensate all overtime work at a premium rate and provide benefits as stipulated by local laws. Suppliers should strive to pay a wage sufficient to meet workers' basic needs and provide some discretionary income. Illegal or disciplinary deductions are not permitted. [ILO Conventions 1, 95 and 131]

### **Requirements**

#### *Basic Pay*

- All workers, including contract/agent workers, are paid the legal minimum wage, wages based on a collective bargaining agreement (CBA), or wages based on a contractual agreement whichever is higher
- If workers are paid by piece rate wage instead of hourly rate, the worker receives a wage equal to or above the legal minimum wage, without the use of overtime

#### *Overtime Pay*

- Overtime premiums follow local law or rates set forth by a CBA, whichever is higher
- Overtime wages are paid for all time legally defined to be over regular working hours

*Minimum wage and overtime premiums must meet legal requirements.*

#### *Payment of Wages*

- Pay date follows local law
- When no time limits are defined by law, compensation is paid at least every 30 days
- Employers pay workers through digital payments

#### *Deposits, Deductions or Fines*

- Employers do not hold deposits in any form for any reason
- Any deductions follow local law or a legal CBA
- Illegal or disciplinary deductions are not permitted
- Employers do not impose fees on workers in any form for any reason, including but not limited to fees for tools or other items required for their job

#### *Benefits*

- All workers, including trainees, are provided benefits in accordance with local law or as set forth by a CBA, whichever is higher
- Benefits include, but are not limited to social Insurance, entitled leave and holidays
- Benefits are paid during work stoppages, if any take place, as required by law
- The facility correctly and accurately calculates legal withholdings (e.g., taxes, social security, pension, or healthcare from worker wages) and file these with appropriate government authorities in a timely manner as required by law
- Employers share information on all related legal withholdings with workers

#### *Records & Communication*

- All pay records are complete, accurate and made available upon request
- All related payment records clearly indicate the pay period covered, the date workers are paid and acknowledged by workers
- Employers provide workers a comprehensive wage statement, which includes all hours worked, basic wage or piece rate earned per day, overtime premiums, bonuses, allowances, benefits and legal or contractual deductions
- Employers communicate to workers the content of wage statements and train them on the calculations in their preferred language
- Any variations to the normal payroll schedule or wage statement are communicated to workers in their preferred language and documented with worker acknowledgment
- All workers are provided a mechanism to dispute any wage discrepancies

*Employers communicate to workers the content of wage statements and train them on the calculations in their preferred language.*

### **Best Practices**

- ✓ Employers strive to pay workers a wage that meets the basic needs of the workers and their families, with some discretionary income
- ✓ A fair compensation system is in place according to workers' skill, experience, seniority and qualifications
- ✓ Employers regularly assess and adjust wages and benefits to reflect the cost of living, industry standards and basic needs

- ✓ Factories have a system in place to enhance efficiencies, cost savings and apply a portion of the savings towards improving worker wages
- ✓ Factories pay workers through digital payments
- ✓ Digital payments are on the payment date or period stipulated by the local law
- ✓ Workers are trained on how digital payments work in the workers' preferred language

### **1g. Working Hours**

#### **Code Principle**

Overtime must be limited to a level consistent with humane and productive working conditions. Workers shall not work more than 48 regular hours (or lower if required by local laws or local industry standards) and shall not exceed 60 hours a week on a regularly scheduled basis. Workers must be given at least one day off in seven. All overtime must be voluntary. Workers must be provided with adequate breaks as legally required. [ILO Conventions 1, 14 and 30]

#### **Requirements**

##### *Working Hours*

- Regular and overtime hours follow local law
- Regular weekly working hours are not more than 48 hours and do not exceed more than 60 hours, including overtime hours
- Reasonable meal and rest breaks comply with local laws
- Employers have policies with defined procedures and approval processes for determining overtime and securing worker consent

##### *Consecutive Days Worked*

- Workers are provided at least one day off in seven
- A day off is provided and is at least 24 hours of continuous rest

##### *Time Attendance Records*

- Records are complete and accurate for all workers, including contract/agent workers, for at least 12 months or longer if required by law
- All hours worked are tracked to ensure correct payment of the legal minimum wage and overtime premiums
- Workers record their own hours, including start and stop times, and have access to their attendance records upon request

*Workers are provided at least one day off in seven.*

#### **Best Practices**

- ✓ Employers have processes in place to assess their production capacity in order to avoid excessive overtime hours
- ✓ Employers have a system to reduce overtime by improving workers' skills through training, mentoring and coaching to improve productivity and reduced rework
- ✓ Employers provide a day of rest that is scheduled on the same day of the week every week, in order for workers to plan ahead for that day
- ✓ Employers conduct regular internal assessments to ensure the time attendance system is being used properly and all working hours are accurately recorded

## **2. Health & Safety in the Workplace**

### **2a. Health & Safety**

#### **Code Principle**

Employers must provide a clean, safe and healthy work environment and take steps to prevent accidents, illness and injury arising out of or occurring during the course of work. All workers must have access at all times to sanitary facilities, which should be adequate and clean. Workers must be provided at no cost with all the appropriate personal protective equipment. Where dormitories and canteens are provided to workers, the same standards apply. [ILO Convention 155]

#### **Requirements**

##### *Evacuation Plan*

- Evacuation plans are available in all workers' preferred language(s), are legible, large enough and have clear direction to an exit

##### *Fire Extinguishers/Hydrants*

- All fire-fighting equipment, including fire sprinklers/ extinguishers/hydrants, are available, visible, unblocked, in their designated area and properly maintained
- Training on the proper use of fire equipment is provided to workers responsible for fire safety, where required by local law, with complete training records kept on file

##### *Fire Alarm System*

- Fire alarm and detection systems are available, visible, unblocked and properly maintained as required by local law and fire safety standards
- A visible and audible fire alarm is installed in all work areas

### *Fire Drills*

- Fire drills are conducted at least semi-annually (every six months) with attendance records and photos on file
- Fire drills cover all shifts, floors and buildings within the whole facility
- Designated emergency assembly points are large enough to accommodate all workers

### *Two Fire Exits*

- At least two accessible fire exits are available, unlocked and unblocked
- Emergency exit doors' design and installation meet all legal requirements

### *Exit Signs & Emergency Lighting*

- Exit signs are available in all workers' preferred language(s), are legible and visible
- Emergency lighting is functional in all evacuation passageways, staircases and exits

### *Passageways*

- Passageways are clear and unobstructed
- Fire routes lead to safe assembly points without obstruction

### *Health Monitoring*

- A system for identifying common illnesses that affect workers is in place and includes analysis of factory clinic health records and sick leave records
- Employers conduct and cover costs for regular occupational health checks for workers as legally required

### *Drinking Water*

- Adequate and clean drinking water is accessible, with testing reports conducted semi-annually (every six months)

### *Lavatories*

- Clean toilets are available and provide appropriate privacy (stalls with doors)
- Fresh water is accessible for toilet flushing and hand washing
- The number of workers per toilet is at a minimum 25 workers per toilet, or fewer if required by law

### *First Aid*

- First aid kits are properly stocked and accessible
- First aid equipment is functional, with maintenance records properly filed in proximity of the work area
- First aid training is provided to workers with complete records on file
- Emergency eyewash station and/or showers are provided where corrosive chemicals or high volumes of solvents are handled and used

- Factories with onsite clinic and staff have any necessary licenses up to date and available if required by law

### *Personal Protective Equipment (PPE)*

- Appropriate PPE is provided with training and enforcement for worker use

### *Electrical & Machine Safety*

- All electrical equipment/machinery is properly grounded, insulated, unblocked and has safety labels where required
- Electrical wiring is safe and covered
- All equipment/machinery is properly guarded
- Workers are trained on how to use machinery and follow safety procedures
- Machines and equipment have proper emergency stop switches, with lockout/tagout mechanisms where applicable
- Specialized machinery and equipment have all required and up-to-date licenses/permits
- Qualified professionals (electrician, hired or outsourced) maintain electrical system on a regular basis or as needed, based on type of equipment, as required by local law

### *Chemical Safety Data Sheet (CSDS)/Material Safety Data Sheet (MSDS)*

- CSDS/MSDS are available in all workers' preferred language(s) and are legible
- Safety training is given to workers with complete training records on file

### *Chemical Management*

- Chemicals are properly identified and stored
- Chemicals and hazardous substances have secondary containers in place
- Chemical fume detectors (where applicable) are available, functional, properly maintained and monitored
- Workers who handle chemicals and hazardous substances are properly trained
- Factories conduct regular chemical drills (e.g., chemical leakage, accident drill) for all workers handling chemicals or hazardous substances
- Factories maintain a current Chemical Inventory that lists all chemicals utilized with the chemical supplier's name and contact information
- Chemicals and hazardous waste are separated from general waste and are appropriately handled and disposed of as legally required
- Chemicals and hazardous substances are stored in a designated covered area that is equipped with all necessary safety measures and equipment as required by law

### *Safety Signs/Labels*

- Safety signs/labels are available in all workers' preferred language(s), are legible and visible

### *Certificates/Permits*

- Factories have all appropriate licenses, registrations and permits to perform their current operational activities
- Operator certificates for specialized equipment are valid and available
- Official safety certificates, licenses and inspection records are kept on file as legally required

### *Canteen*

- Canteens are clean and accessible at all times and have updated licenses
- Cooks have updated health licenses

### *Working Environment*

- Adequate ventilation and lighting are provided for all workstations
- Air quality, temperature and noise levels are reasonable, maintained and monitored as required by local law and all records are kept on file

### *Building Safety*

- An official construction approval is available for the building
- Buildings are regularly maintained and inspected with records on file
- Factories have updated certificates if needed based on building inspections
- Building structures do not exceed the maximum expected loads described by the building's certificate of occupancy

### *Childcare Facilities*

- A childcare facility is available where required by law
- Childcare facilities are separated from production areas and staffed with sufficient and trained caregivers

### *Dormitories*

- The dormitory is not to be located in the same building with factory workshops and warehouses
- Reasonable dormitory space (the greater of 2 square meters per person or the space required by local law) is provided for each worker
- Workers are provided with individual storage space with a personal locking mechanism
- Clean toilets are available and provide appropriate privacy (stalls with doors)
- Fresh water is accessible for toilet flushing and hand washing

- The number of workers per toilet is at a minimum of 25 workers per toilet or fewer if required by law
- The number of workers per shower is at a minimum of 18 workers per shower or fewer if required by law. Hot water for workers' cleaning purposes is available
- Workers are segregated by gender in different rooms

### *Regular Health & Safety Reviews*

- An occupational health and safety process is in place and includes a committee to ensure compliance to all VS&Co standards
- Records and investigation for all accidents, injuries, fatalities, fires and other emergencies are on file for at least 12 months
- A system for identifying common illnesses that affect workers is in place and includes analysis of factory clinic health records and sick leave records
- Employers conduct and cover costs for regular occupational health checks for workers as legally required

*IPS defines "supplier" as the vendor or partner who has signed the Master Sourcing Agreement (MSA) directly with VS&Co.*

### **Best Practices**

- ✓ Dormitories do not have more than 8 people per room; there are no triple bunks and beds are not directly on the floor
- ✓ Dormitory ceilings are at least 2.1 meters high
- ✓ Factories have a process for external medical treatment of workers in the event of occupational injury or illness
- ✓ Factories have a system for identifying, evaluating and minimizing risk from physically demanding work and highly repetitive tasks to prevent work-related injuries or health impacts
- ✓ There is clear identification of fire brigade members, health and safety committee members and first aid leads on production floors
- ✓ Workers are incentivized to adopt and maintain good health and safety practices
- ✓ Exits lead directly to the exterior of buildings where possible
- ✓ Chemical storage areas have appropriate fire extinguishers, safety signs, ventilation, anti-explosive lights and instructions on handling and disposal of chemicals, with personal protective equipment available for workers
- ✓ A risk assessment should be conducted by a health and safety consultant to identify hazards and risk factors. Control measures are implemented as a result of the consultation(s)

- ✓ A crisis management plan to support workers during pandemics, natural disasters, etc., is in place
- ✓ VS&Co is a member of the Sustainable Apparel Coalition (SAC), a collaborative partner and trusted leader for industry sustainability. The Higg Facility Social & Labor Module (FSLM) is a self-assessment tool that measures social and labor compliance at facilities. Facilities should aim to complete the FSLM tool and share findings with VS&Co through the [Higg Co.](#) website.

## **2b. Environment**

### **Code Principle**

Facilities should have policies and procedures in place to ensure environmental impacts are reasonably minimized with respect to energy, air emissions, water, waste, hazardous materials and other significant environmental risks. Facilities are expected to make sustainable improvements in environmental performance.

### **Requirements**

#### *Certificates/Permits*

- All legally required and updated environmental certificates, permits and licenses are available

#### *Procedure for Accidents/Emergency*

- Factories have procedures for notifying local environmental and community authorities in the event of accidental discharge or any other environmental emergency

### **Best Practices**

- ✓ Factories have policies and procedures in place to ensure environmental impacts are reasonably minimized with respect to energy, air emissions, water, waste, hazardous materials and other significant environmental risks
- ✓ Factories are expected to make sustainable improvements in environmental performance
- ✓ Factories have an annual plan to reduce hazardous waste generation and discharge
- ✓ Factories conduct a risk assessment of the impact hazardous substances pose in surrounding ecosystems and identify risk management
- ✓ Factories have a formal process for complying with local and national environmental laws
- ✓ Factories track and measure – at least annually – the following (if applicable):
  - Energy usage (including energy used on-site (direct), purchased energy (indirect), as well as fuel use for on-site transportation)
  - Water consumption (both quantity and quality)
  - Wastewater discharge (both quantity and quality)
  - Hazardous waste generation (including treatment/disposal methods)

- ✓ VS&Co is a member of the Sustainable Apparel Coalition (SAC), a collaborative partner and trusted leader for industry sustainability. The Higg Facility Environmental Module (FEM) is a self-assessment tool that measures environmental performance at facilities. Facilities should aim to complete the FEM tool and share findings with VS&Co through the [Higg Co.](#) website.

## **3. Open & Honest Communication**

### **3a. Transparency & Traceability**

#### **Code Principle**

Our Company, subcontractors and authorized agents must be given unrestricted access to all workers, production facilities and dormitories, and be granted access to all relevant records related to production facilities and sub-suppliers, whether or not notice is provided in advance.

#### **Requirements**

For the purpose of monitoring compliance with our policies and meeting the expectations from external stakeholders as needed, VS&Co and our subcontractors and agents need to be provided unrestricted access. This includes, but is not limited to, access to all production facilities, dormitories, all relevant records (including those for temporary workers) and workers/staff (when applicable for interviews).

#### **Transparency Guidelines**

VS&Co anticipates that business partners operate with honesty and accountability related to business transactions and the fair treatment of workers. However, VS&Co recognizes that suppliers may face challenges meeting some compliance standards and is committed to partnering with honest suppliers to improve their workplaces over a period of time. For supply chain transparency, substantiated supporting documents and open communication are a requirement for sustaining the IPS and Supplier relationship, which also enables identifying actual areas for improvement.

For all communication with IPS and its representatives, the following practices must occur:

- Only accurate and relevant information should be shared (false documentation should not exist nor be submitted; key data should not be excluded)
- During an audit, all documentation requested should be provided, which includes, but should not be limited to:
  - Payroll records
  - Attendance records
  - Worker files
  - Employment contracts



- Staffing agency contracts
- Benefit/Incentive records
- All documentation required for an audit must be kept on file at least one year
- All responses to requests should be provided in the requested timeframe
- Top management is expected to be committed to transparency
- Policies, guidelines and systems should be developed to drive internal commitment to transparency
- Organizational resources should be structured to support transparency in all scenarios

Lack of transparency with IPS during the audit process will result in the factory being categorized as a “higher-risk” site and will result in additional corrective action work. Demonstrating transparency during the audit may expose some deficiencies, but all remediation will be isolated to those identified issues.

### **Traceability Guidelines**

Traceability is a critical expectation for VS&Co business partners. All suppliers should actively maintain the following data elements:

- Company profile
- Sub-supplier lists and profiles
- Production information
- Material sourcing information
- Production records
- Shipping records
- Other known relevant data tied to VS&Co production

If needed to support a request, VS&Co will reach out directly to suppliers who will be required to provide all necessary documentation in a reasonable amount of time. All suppliers need to meet the following:

- Maintain consistent reference numbers on internal documents to support the following:
  - Tie back to purchase orders and style numbers
  - All support documents need to be accurately translated to English when submitted
  - Where applicable, additional information should be willingly provided

The requirements of transparency and traceability benefit each business partner by supporting stability within their organization, reducing non-compliant events and creating a competitive advantage over suppliers who do not operate within these guidelines.

## **3b. Subcontracting**

### **Code Principle**

We do not allow unauthorized subcontracting and require all suppliers to formally request the use of new facilities and subcontractors. Suppliers, sub-suppliers and subcontractors must not use any form of home working arrangement for the manufacturing of our products.

### **Requirements**

Unauthorized subcontracting is not permitted. Unauthorized subcontracting is where the origin-conferring step of production has been contracted to a facility not listed on the active purchase order (that factory would be considered to be the “subcontractor”). The origin conferring step is the production step that changes the raw materials into a form that most resemble the finished product and occurs prior to any finishing work. Suppliers must formally request adding new facilities and subcontractors when changing production from the original location the purchase order was written to.

A change in production locations for orders may be authorized when each of the following steps are taken to ensure proper compliance verification and accuracy for all U.S. Customs declarations and product traceability:

- Communicate with VS&Co brand partners for written approval to move a purchase order to a different factory
- IPS must be alerted of any NEW factories and the location must be submitted to the RizePoint system and confirmed by IPS
  - If a new factory is planned for production, no production or movement of raw materials may occur until IPS has confirmed written authorization to approve the factory
- An updated purchase order must be issued identifying the accurate factory where the origin-conferring step is completed
- All agreements with subcontractors and records of payment transactions between involved parties must be maintained and made available to IPS or authorized agents upon request
- Origin labels must correctly include the factory ID of the facility that completed the origin-conferring production
- Shipping documents must name the accurate manufacturer of the item
- All authorized subcontracting facilities MUST meet the same compliance standards as any regularly utilized partner factory

If all the requirements noted are not taken and unauthorized subcontracting is detected, IPS will report the incident to brand leadership and treat the situation as a Supplier Code of Conduct violation. Unauthorized subcontracting will result in a warning letter being issued, potentially a monetary penalty issued, and it may lead to loss of business for the factory and supplier involved. If the factory remains active it will undergo intense factory monitoring which may or may not include unannounced audits.

For any questions related to the origin-conferring process and determining which subcontractor or factory to submit to IPS for approval, please contact VS&Co brand partners and IPS, which will redirect the questions to the Customs department to determine the process to follow.

### **3c. Anti-Corruption/Anti-Bribery**

#### **Code Principle**

Suppliers must comply with all applicable anti-corruption and anti-bribery laws, rules and regulations.

#### **Requirements**

VS&Co is committed to engaging in honest and ethical business practices and expects the same for all business partners. Suppliers must follow all applicable local laws, anti-corruption laws and anti-bribery laws. VS&Co does not tolerate any form of unethical behavior, especially the offering, giving, authorizing, accepting, receiving, requesting or promising of a bribe or anything of value with the intent to improperly influence someone or gain an improper advantage.

#### *Anti-corruption Laws*

- Anti-corruption laws prohibit activities or exchanges that are intended to persuade or influence officials to act for your benefit
- The term “Official(s)” can be inclusive of:
  - Government employee (international and domestic)
  - Officer or employee of a public international organization
  - Person acting in an official role or on behalf of a government, department, agency or public international organization
  - Political party, political party official or candidate for political office
- Family member(s) of persons described above

#### *Items of Value to Avoid Offering*

- *Anything of Value is defined as:*
  - *Cash*
  - *Cash Equivalents (gift certificates, discounts etc.)*
  - *Loans*
  - *Gifts*
  - *Entertainment*
  - *Meals*
  - *Transportation*
  - *Lodging*
  - *Favors*
  - *Job Offers*
  - *Business Opportunities*
  - *Facilitation Payments*
- *Payments or other offerings for non-authorized fees claimed to speed up official actions*

# VULNERABLE WORKERS

We require our suppliers to comply with all Supplier Code of Conduct standards as specified in the previous section, particularly as it applies to vulnerable workers, such as women and foreign migrant workers.

## 1. Women Workers

Women are an important part of VS&Co's supply chain and we believe they deserve equal opportunities. VS&Co is committed to respecting women's rights as per the ILO's mandate on gender equality to promote equality between all women and men in the world of work. The mandate is grounded in ILO Conventions of relevance to gender equality - especially the four key equality Conventions - which are the Discrimination (Employment and Occupation) Convention, Equal Remuneration Convention, Workers with Family Responsibilities Convention, and the Maternity Protection Convention. The following highlights the requirements that should be applied with special attention to women.

### **Gender Equality**

#### *Requirements*

- Women and men receive equal pay for work of equal value, equal evaluation of the quality of their work assignment, promotion, and equal opportunities to fill open positions
- Employers provide training on discrimination awareness, particularly as it relates to gender equality
- Pregnancy testing is not a condition for employment, nor is it demanded from workers
- Workers are not forced or pressured to use contraception

***Women and men receive equal pay for work of equal value, equal evaluation of the quality of their work and have equal opportunities for promotions and open positions.***

### **Special Needs Related to Pregnancy**

#### *Requirements*

- Employers are aware of women's special needs, particularly after childbirth, and provide them with benefits and facilities for meeting those needs
- Employers do not demote, reduce wages, or terminate a woman worker because she is pregnant, immediately before maternity leave, during maternity leave or after returning from maternity leave
- Employers do not reduce salaries from pregnant workers for taking leave for prenatal medical checks throughout pregnancy
- Pregnant women who work while standing are provided with chairs near their workstations for rest breaks
- Employers allow pregnant women to rest for half-an-hour every four hours of work and do not assign pregnant women in areas with hazardous working conditions
- Employers provide breastfeeding and childcare facilities as needed or where required by law
- Employers allow workers to take additional leave after the three months maternity leave period, if allowed by law

### **Sexual Harassment**

Sexual harassment is defined as unwanted conduct of a sexual nature, verbal or physical advances, or sexually derogatory/discriminatory statements or acts.

#### *Requirements*

- Employers treat all women workers with respect and dignity
- Employers do not subject women workers to corporal punishment, physical, sexual, psychological, or verbal harassment or abuse

## 2. Foreign Migrant Workers

Foreign migrant workers are workers who travel across country borders to obtain employment and are often subject to modern slavery. Factories that employ foreign migrant workers are closely monitored to ensure workers are treated in accordance with the law, no worker pays for their job or incurs a debt related to the recruitment process, workers retain control of their travel documents, workers have full freedom of movement and workers are informed of the basic terms of their employment before leaving their home country/region.

### **Debt Bondage**

#### *Requirements*

- Employers do not use irregular, delayed, deferred or non-payment of wages as a means to bind workers to employment
- Employers do not force workers to work in order to repay a debt
- Recruitment fees or deposits are not charged to workers, inclusive of fees for travel visas, health checks, employment registration, work permit, agency/management fees or referral fees
- Workers retain original copies of personal documents (i.e., birth certificates, passports, work permits, residence cards, school certificates, labor contracts and national identity cards, etc.)
- Employers are responsible for conducting thorough due diligence on all labor agents used in the recruitment and employment of foreign migrant workers
- Labor contracts meet all legal requirements and a copy is shared with workers in their preferred language before leaving their country of origin
- Workers do not pay a fee or deposit to secure a job
- Employers are responsible for all fees associated with employment agencies
- Employers ensure workers have full control of their bank account(s) if they are paid by direct deposit into a bank

## 3. Authorized Young Workers

- Authorized young workers are registered with the local labor bureau where required by law
- Authorized young workers have their contract(s) signed by a parent or guardian as required by law
- Employers protect authorized young workers from working in hazardous areas
- Employers adhere to all local regulations regarding working hour restrictions for young workers, including regular hours, night hours, and overtime hours
- Authorized young workers have access to proper health examinations as required by local laws

## 4. Other Workers

- Employers are aware of vulnerable workers with special needs (e.g., elderly workers, disabled workers, pregnant workers, etc.) and provide proper support, including, but not limited to, lighter work, proper breaks and flexible time options
- Migrant workers within a country

# D. TRADE COMPLIANCE

## Overview

As an importer, VS&Co is legally responsible to report the accurate country of origin and place of manufacture to U.S. Customs and Border Protection (CBP) for each purchase order we import. To do so, it is imperative that we ensure the factory is capable of making the product, noting the appropriate manufacturer name and address on commercial shipment documents, and is not subcontracting orders without our explicit approval.

The objective of the Trade Compliance program is to assess the factory's ability to provide complete and accurate documentation to support a product's country of origin and place of manufacture in various stages upon request from CBP. IPS will assess the factory's production process and capacity by observing the factory set up as well as reviewing documentation systems and records.

The supplier must require each of its factories that manufacture all or any part of the goods contracted for VS&Co to maintain production documentation for a period of at least two years (or longer if specified by IPS) following the shipment of goods. Such records are necessary to establish the origin of all goods produced and to satisfy any other regulatory requirement that may rely on manufacturing records.

The factory is expected to maintain evidence of raw materials sourced and received prior to production, production records for each process performed at the factory and commercial shipment documentation reflecting the correct factory name and address.

*Suppliers and factories are expected to maintain a complete list of material sub-suppliers and also provide awareness training to all sub-suppliers on documentation to keep on file to trace down all materials in their supply chain.*

IPS or the approved third-party auditor has the right to require the supplier or its factories to permit access to any and all records required to conduct origin verifications or capacity monitoring. The supplier agrees that such records will be maintained in a form and at locations that will allow them to provide these records to IPS or our approved third-party auditor in a prompt manner.

### 1. Program Assessment Standards

Our Trade Compliance program has set forth expectations to assess compliance at factories. All factories must meet the following requirements:

- Complete documents which demonstrate the flow of production from raw materials to finished goods (e.g. purchase orders, material planning sheet, material purchase receipt, transfer notes, invoice, internal transfer, production records, export documents, payment records, etc.)
- Accurate information including dates, order numbers, product reference, color, quantity and persons or companies responsible during transfer in the manufacturing process, and authorized signatures
- Linkage between documents through a unique reference number listed on all related documents
- Records must be on file for at least two years

### 2. Subcontracting

For our subcontracting requirements, please see the Labor Standards and Workplace Conditions section of the Guidebook (section B under Open & Honest Communication → Subcontracting).

*IPS defines "supplier" as the vendor or partner who has signed the Master Sourcing Agreement (MSA) directly with VS&Co.*

# E. SUPPLY CHAIN SECURITY

## Overview

Supply chain security is a critical function for supporting international trade and promoting safety throughout the VS&Co supply chain. The Customs Trade Partnership Against Terrorism (CTPAT) program is a partnership between U.S. Customs and Border Protection (CBP) and the trade community aimed at achieving a maximized level of security for the movement of product. To achieve this goal, CTPAT created a common set of criteria that manufacturers and importers must meet or exceed when shipping product from origin to a final destination.

VS&Co is dedicated to the CTPAT program and maintains a Tier 3 level importer status. The Tier 3 status represents a supply chain that exceeds the established criteria and challenges each of their partners to also go beyond the basic criteria. As a result of this effort, our Supply Chain Security program is comprehensive, and the requirements enable our partners to maximize their security efforts in each of their facilities and for all of their business partners.

*Effective January 1, 2023, Minimum Security Criteria 3.9 under U.S. Customs Trade Partnership Against Terrorism (CTPAT) requires all CTPAT Members to have a documented social compliance program in place that, at a minimum, addresses how the company ensures goods imported into the United States were not mined, produced or manufactured, wholly or in part, with prohibited forms of labor, i.e., forced, imprisoned, indentured, or indentured child labor. VS&Co requires all suppliers have policies and procedures in place to ensure that forced labor is not present in the manufacture of goods or during worker recruitment, including the procurement and processing of raw materials and components and the supplier adheres to VS&Co's responsible recruitment requirements.*

## 1. Risk Assessment & Review

IPS performs an annual risk assessment of all production facilities to assign a risk level based on country of origin, previous audit results and open source data on country threat levels. Areas reviewed during the risk assessment include, but are not limited to, the following:

- Business allocation percentage (Core vs. Transactional)
- Country of origin
- Mode of transportation
- Previous supply chain security audit results
- Prior reported security breaches
- Potential for terrorist activity in the country of shipment
- Risk of transshipment
- Other socio-economic issues that may increase risk levels

Factories are grouped into the corresponding risk level to determine the scope of supply chain security reviews they will be subjected to, which may include:

- Supply Chain Security Questionnaire to provide information on the policies and procedures in place,
- Performance of a desk review, where support documentation for various CTPAT requirements will be requested without a physical site visit, or
- Performance of a full supply chain security on-site review or submission of completed third-party audit

Per VS&Co's Supplier Code of Conduct, our company, subcontractors, and authorized agents must be given unrestricted access to all workers, production facilities and dormitories, and be granted access to all relevant records related to production facilities and sub-suppliers, whether or not notice is provided in advance. This includes information pertaining to supply chain security controls and procedures.

## 2. Program Requirements

Minimum Security Criteria for Foreign Manufacturers are outlined by CBP. The following is a summary of the areas tested during a full on-site supply chain security review and the corresponding criteria.

Foreign manufacturers must meet each of these requirements to be in full compliance and receive the maximum score during a full supply chain security audit. Not all criteria (must vs. should) outlined in the CBP publication will be tested with assigned scoring during an on-site; however, evidence will be required to ensure that a supply chain security program is in place and that controls are created/adapted based on risk. This includes having a management system in place, wherein dedicated individuals are responsible for establishing and testing the controls in place. Section references are based on the areas tested during an internal IPS supply chain security audit.

### **Section A – Physical Security**

1. Physical barriers/fencing or deterrents are present to prevent unauthorized access, especially to cargo loading and trailer yards (Criteria 9.1 and 9.2)
2. Limited access points that are staffed/monitored with inspection (Criteria 9.4)
3. Separate parking areas with no passenger vehicles permitted in cargo handling, storage areas or conveyances (Criteria 9.5)
4. Adequate lighting inside and outside facility, especially in secure areas (Criteria 9.6)
5. Facility should utilize an alarm system or CCTV cameras to monitor facility, especially key areas pertaining to the import/export process (Criteria 9.7 and 9.13)
6. Designated security personnel or security system must monitor all high-risk areas with documented procedures, reviews and access rights; records should be maintained for six months (Criteria 9.8, 9.10, 9.12, 9.15 and 10.10)
7. Ensure there are written policies and procedures for security personnel and that they have a reliable means of communication to report any issues (Criteria 10.10)
8. CCTV cameras should be recorded for a sufficient amount of time to facilitate an investigation should an issue be discovered upon importation to the United States; VS&Co requires recordings to be kept for at least three months (Criteria 9.16)
9. Records of any inspection, testing, repair work or new installation of security systems or cameras must be maintained for a period of six months (Criteria 9.15)
10. Procedures should be in place for the issuance and recordation of physical keys to the facility, with a key log (Criteria 10.1)

### **Section B – Physical Access Controls**

1. Facility should have a written policy for the issuance and retrieval of identification badges to/from permanent and temporary workers and controls in place to limit system and facility access based on job description (Criteria 10.1)
2. Workers are to show badges for access to facility and have them visible while in the building (Criteria 10.1)
3. Written policy for what can be brought into the facility, including a screening process
4. Visitors and contractors are required to show a photo ID with a log being kept for a period of six months (Criteria 10.2)
5. Visitors must be issued a badge with a tracking number, and badges must be recorded as returned upon departure from the facility (Criteria 10.2)
6. Visitors must be escorted while on the premises (Criteria 10.2)
7. All vehicles are stopped and inspected prior to entering the facility, with a log being kept for a period of six months (Criteria 10.4)
8. All inbound trucks are stopped and inspected prior to entering the facility, including paperwork and seals (Criteria 10.3 and 10.4)
9. Policy in place for challenging unauthorized persons, with training provided to all workers (Criteria 7.24)

### **Section C – Personnel Security**

1. Pre-employment screenings include a criminal history check (if legally possible); employees in key positions should have periodic checks performed to ensure they have not been involved in any criminal activity after the date of hire (Criteria 11.1 and 11.2)
2. Facility must have a written code of conduct outlining expectations of acceptable behavior and provide training to all employees on both facility and customers' codes of conduct, with proper records kept on the trainings (Criteria 11.5)
3. Facility must have a written procedure for employees who leave the company, which includes the recovery of badges and termination of any system access; records must be maintained for six months

### **Section D – Education & Training Awareness**

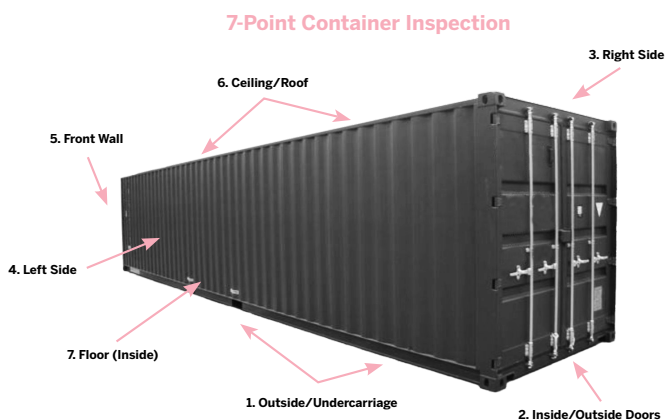
1. Factory must have a point of contact responsible for the supply chain security program and documentation maintained that all activities and issues are communicated to leadership (Criteria 1.1, 1.2, 1.3 and 1.4)
2. Training for new hires includes policies on supply chain security, with an attendance log maintained for six months (Criteria 12.1 and 12.2)
3. Annual refresher training is provided on an annual basis, with records kept (Criteria 12.1)

4. Security program includes an incentive program to encourage workers to report security issues; this program is communicated to all workers
5. Periodic checks of the security program and workers' knowledge of the requirements are performed, with complete records, including corrective action plans, kept for six months (Criteria 12.4)
6. Emergency contact information is posted in the factory in all workers' preferred languages

*It is important that a list of emergency contacts is posted in multiple locations throughout the factory in languages understood by the workers, in order for workers to know who to contact in case of an emergency. The factory should assign a main emergency contact, and the person should be trained on all emergency procedures.*

### **Section E – Security Loading Procedures**

1. Facility must have thorough written container loading procedures for identification, storage, inspection and loading of all trailers/containers entering the facility (Criteria 5.2)
2. Prior to loading, a 7-point inspection is performed on all containers/trailers and a 10-point inspection on all tractors for damages or issues with structural integrity; completed inspection reports are to be signed by the employee performing the inspection and a witness, with records retained for six months (Criteria 5.3, 5.4, 5.5, 5.6 and 5.8)



3. Procedure for loading and inspection include an inspection for agricultural pests (insects, eggs, webs, nests), which is documented on the inspection report (Criteria 5.2, 5.7, 7.2 and 8.1)

4. All full container loads leaving the facility must be sealed with a high security bolt seal meeting ISO 17712 requirements (Criteria 6.2 and 6.5)
5. Facility must have documented procedures for the receipt, storage/inventory and application of the security seal, including seal integrity using the View, Verify Tug, Twist and Turn (VVTT) process (Criteria 6.1, 6.6 and 6.7)
6. Containers stored on site must be maintained in a controlled area monitored by CCTV cameras or security (Criteria 5.1 and 7.1)
7. Digital photographs are taken during stages of the loading process (beginning, middle, end), including the closing of the doors and application of the seal; photographs should be taken that clearly show the container and seal number and should be retained for six months (Criteria 7.5)
8. Seal numbers are indicated on the shipping documentation and records are retained for six months (Criteria 7.6, 7.7, 7.8 and 7.30)
9. Security procedures must contain escalation policy for reporting any issues with containers/trailers or seals to the supplier, with full records (Criteria 5.29 and 7.37)
10. Factory must have documented procedures for validating the pick-up party of loaded containers, including validating driver and supporting documentation
11. Factory must have documented procedures to show shipments are tracked to the consolidator/port and that an escalation policy exists should any discrepancies or evidence of tampering be found (Criteria 5.14 and 7.23)
12. Same procedures must be followed for Loose Container Loads (LCL)

*Suppliers are responsible for contacting IPS within 24 hours in the case of a supply chain security breach and must provide a complete report of the initial incident, pending items and a full explanation of the remaining actions that will be taken. Post-incident updates are required to keep IPS informed of the status of pending items and progress of remediation steps implemented as a result of the breach.*



## **Section F – Cybersecurity**

1. Facility must have a written cybersecurity policy that is reviewed and communicated annually to employees with systems access; records must be kept for six months (Criteria 4.1)
2. Annual cybersecurity training must be provided to employees with systems access (Criteria 12.8, 12.9 and 12.10)
3. Cybersecurity controls need to be in place to prevent/deter unauthorized access (Criteria 4.2), including:
  - a. Monitoring for unauthorized use or tampering with data (Criteria 4.5)
  - b. Disciplinary action for unauthorized use
  - c. Prevention of attacks through common social engineering methods
  - d. Ensuring only properly licensed technology products are used (Criteria 4.11)
  - e. Having an intrusion detection system (i.e., firewall) in place
  - f. Regular security updates and testing
  - g. Individual user logins and passwords (Criteria 4.8)
  - h. Defined strength requirement for passwords and a requirement that these be updated at least every 90 days (Criteria 4.8)
  - i. System access restricted by user role (Criteria 4.7) System in place to allow/monitor remote access and prevent remote access by unauthorized users (Criteria 4.9)
  - j. If employees are allowed to use personal devices to access system, facility must ensure that these meet the security requirements (Criteria 4.10)
  - k. Immediate termination of access of workers that are separated from company
4. Facility must have documented procedures for system maintenance, data recovery, disposal/sanitization of IT equipment and an escalation policy to report any issues (Criteria 4.3, 4.4, 4.6, 4.12 and 4.13)

## **Section G – Business Partner Review**

1. Facility has documented procedures for the selection and screening of business partners, including verifying business license and performing a criminal background check; criminal background checks are required for all drivers/companies responsible for moving goods and materials in/out of the facility (Criteria 3.1)
2. Business partners are provided written communication on CTPAT requirements, with record (Criteria 3.5)

## **3. Importer Security Requirements**

In January 2010, CBP began the enforcement of the Importer Security Filing (ISF) and additional carrier requirements regulation (referred to as the 10+2 rule) that requires importers and ocean carriers to electronically provide advance shipment information to CBP for U.S.-bound ocean cargo.

It is imperative that suppliers ensure accurate ISF shipment data is provided to freight forwarders and ocean consolidators and in response to any ISF requests. Suppliers must also verify that any related information, including purchase orders and systems, are accurate. CBP may issue penalties of \$5,000 per violation for the submission of an inaccurate, incomplete or untimely filing. Non-compliant cargo may also be subject to further inspection on arrival, causing delivery delay. (Criteria 7.6, 7.7 and 7.8)

### **Where to Learn More**

For additional details on each criteria please click [HERE](#) for details issued by CBP.

#### *ISF requirements - Shipment Data Required*

- *Seller name and address*
- *Buyer name and address*
- *Importer of record number*
- *Consignee number*
- *Ship to party name and address*
- *Manufacturer name and address*
- *Country of origin*
- *Commodity HTS 6-digit number*
- *Container stuffing location*
- *Consolidator name and address*
- *Container status messages*
- *Vessel stow plan*

# F. REMEDIATION

IPS is committed to continuous improvement of compliance within our supply chain. Factories producing Victoria's Secret, PINK, and Victoria's Secret Beauty products must work to achieve sustainable compliance with VS&Co standards through remediation actions for all non-compliant items identified.

## Requirements

IPS strives to work with suppliers to drive continuous improvement in working conditions and achieve sustainable compliance with VS&Co standards, policies and local law. Remediation is required when issues are identified during the audit. Depending on the level and type of non-compliance identified, IPS will determine next steps, which may include, but are not limited to, corrective action, consulting services and follow-up audits.

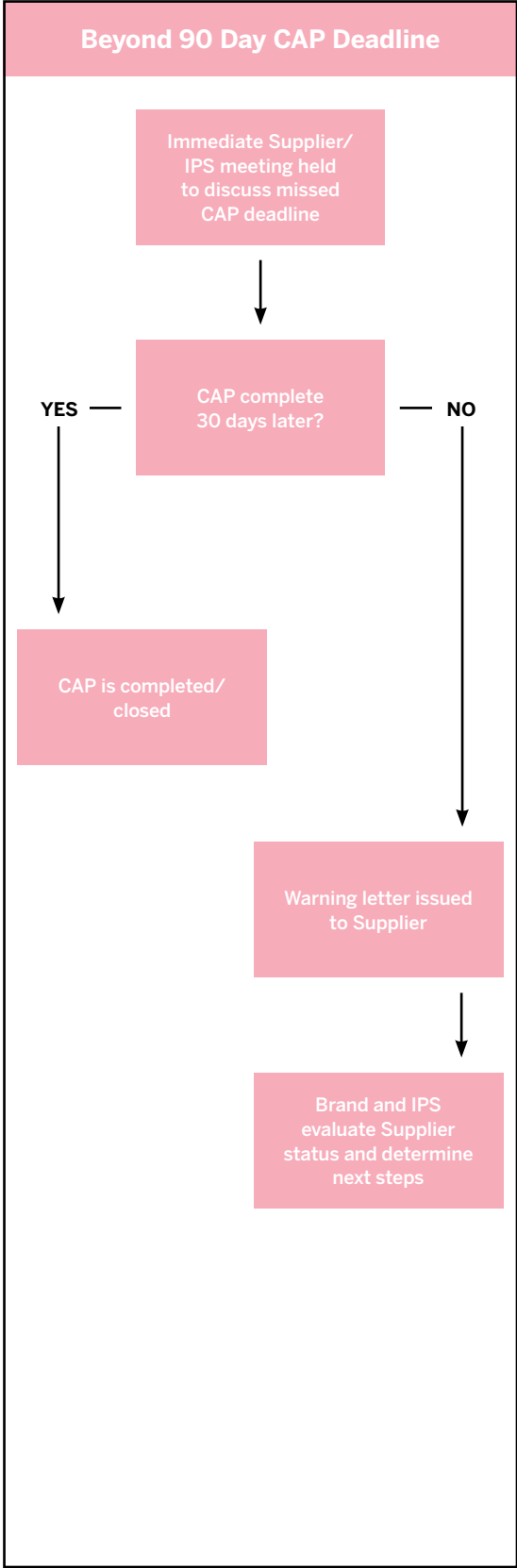
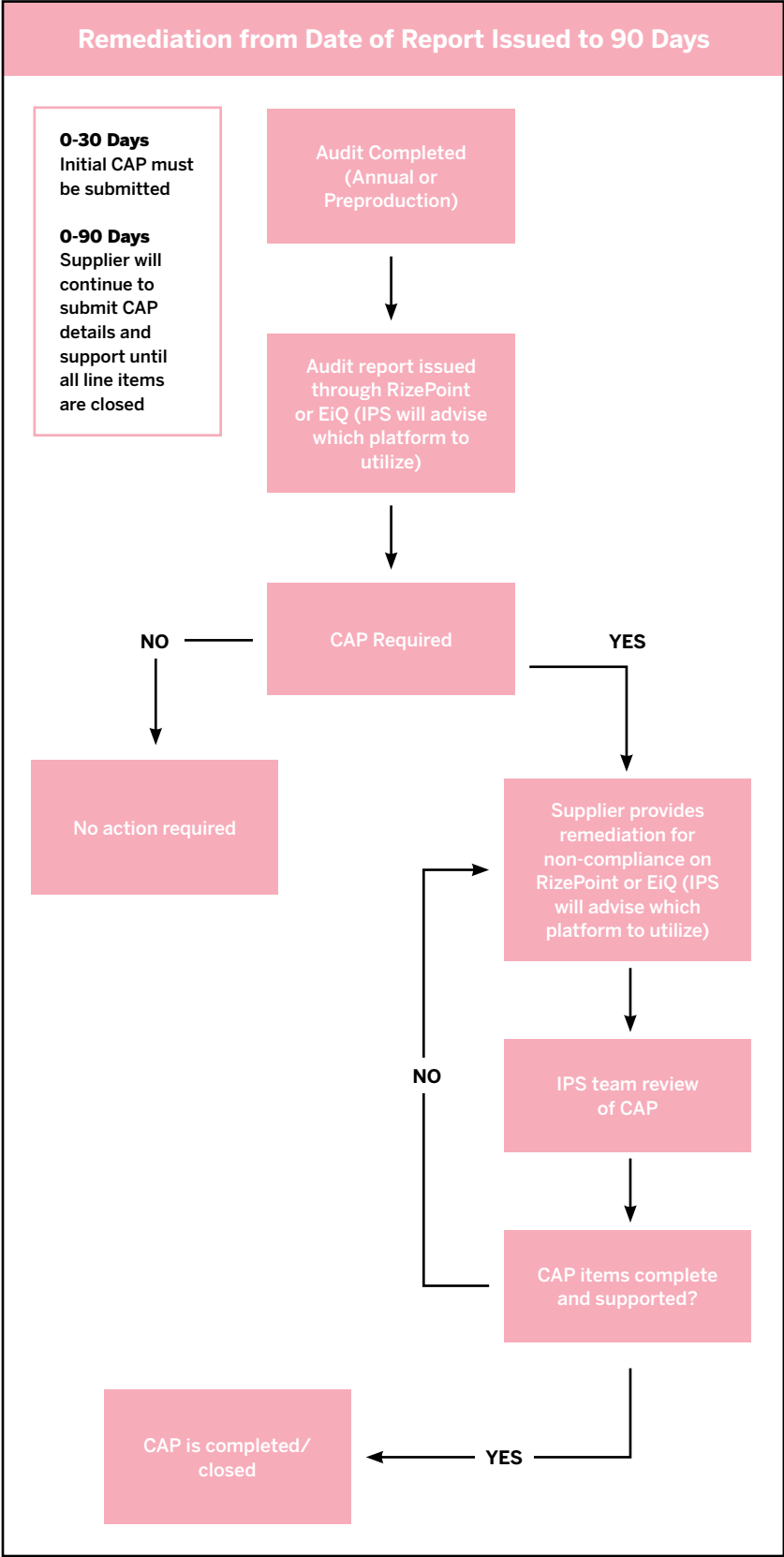
Critical milestones and activities required in the remediation process include:

- Supplier partnership with factory to identify root cause issues for findings and develop sustainable solutions
- Supplier's initial submission of Corrective Action Plan (CAP) made in RizePoint or EiQ\* (IPS will advise which platform to utilize)
- Communication with IPS regarding any challenges relative to meeting the Guidebook standards
- All corrective action plan submissions must include accurate and translated supporting documents
- Full remediation for all non-compliant findings must be completed within 90 days of receiving the audit report

*Suppliers should work with their factory on a corrective action plan (CAP) and review all information and supporting documents the factory provides before they submit the information into RizePoint or EiQ (IPS will advise which platform to utilize). It is the supplier's responsibility to submit all corrective actions within 30 days of notification and complete them within 90 days.*

\*In 2023, IPS will pilot ELEVATE Limited's EiQ platform for remediation of labor compliance audits. As the pilot develops, IPS will notify suppliers when they are required to submit corrective actions through EiQ.

# VS&CO CORRECTIVE ACTION PLAN PROCESS FLOW CHART



# G. SUPPLIER RESPONSIBILITIES & MANAGEMENT SYSTEMS

## 1. Management Systems

- Establish a point of contact in the company to be responsible for compliance matters
- Maintain an updated factory base with complete details, including ownership structure, name and address in RizePoint
- Review the IPS Compliance Guidebook, understand IPS' requirements and ask questions if something is not clear
- Ensure that the factory has management systems, policies and internal controls in place to facilitate compliance with VS&Co standards and local laws
- Ensure that factories receive and display a copy of the VS&Co Supplier Code of Conduct
- Work with factory representatives on compliance
- Ensure factory management is aware of local and national labor laws
- Verify that factory management and workers have a formal training process for compliance requirements
- Confirm that your company and factory management are aware of applicable anti-corruption/anti-bribery laws and regulations
- Develop a robust social compliance process to strengthen capacity building as it relates to meeting compliance with minimum requirements and achieving best practices

## 2. Communicate with IPS

- Notify IPS of any changes to your company's contacts
- Notify IPS of all issues under the "24-Hour Notification Policy" in section A, under Policies
- Coordinate with IPS on audit schedules and logistics
- Provide a root cause analysis to determine reasons for non-compliance
- Submit corrective action plans in RizePoint — or EiQ if that is the platform assigned for remediation — within 30 days of audit notification and complete all corrective actions within 90 days
- Attend IPS' Communication Sessions and other training programs as requested by VS&Co
- Notify VS&Co and IPS if your company has a name or address change; any name or address change of a supplier will need to be updated in our database
- Notify VS&Co and IPS if a factory name or address changes; any name or address change of the factory will be classified as a new factory, which will require an audit and approval before production can begin if the factory is new or for production to continue if the factory is already approved
- Notify VS&Co and IPS if a factory name and address on the purchase order are not correct
- Request VS&Co and IPS' approval if an order needs to be subcontracted
- Notify IPS if VS&Co goods will be produced in factories that use foreign migrant workers

*The IPS Compliance Guidebook (Guidebook) includes a set of mandatory requirements which all our suppliers as well as their factories, sub-suppliers and subcontractors need to meet to be able to do business with VS&Co.*

### **3. Communicate with Factories & Sub-Suppliers**

- Ensure that the factory receives and displays a copy of the VS&Co Supplier Code of Conduct poster in the language(s) workers understand
- Distribute a copy of the IPS Compliance Guidebook to each factory that produces for VS&Co
- The IPS Compliance Guidebook (Guidebook) includes a set of mandatory requirements which all our suppliers as well as their factories, sub-suppliers and subcontractors need to meet to be able to do business with VS&Co
- Educate factories on critical non-compliances and assist factories in establishing compliance management systems
- Forward audit reports to the factories
- Work with factories to create corrective action plans
- Review corrective action support provided by each factory to ensure that it meets IPS' requirements
- Ensure all training and communication is delivered in the preferred language(s) of workers
- Communicate VS&Co standards and provide training to sub-suppliers

### **4. Due Diligence**

- Visit factories frequently to verify that they meet VS&Co compliance standards
- Ensure sub-suppliers meet VS&Co compliance standards
- Attempt to be present during audits and ensure factories are transparent and cooperative
- Work with factories on any corrective action required as a result of the audit and encourage them to complete corrective actions within 90 days
- Review RizePoint at least once every month – or EiQ if that is the platform assigned for remediation – to ensure that CAP items are not outstanding
- Review factory base often; add any new factories in RizePoint and inform IPS of factories that are no longer producing for VS&Co
- Plan ahead with current list of approved factories and subcontractors to ensure there is capacity to meet production needs and continuously monitor factories for capacity changes through visits
- Gather information about any conflict minerals used in the goods produced for VS&Co and respond to VS&Co's annual conflict minerals information request within the requested timeframe
- Gather information about upstream suppliers for VS&Co and respond to IPS in a timely manner in regards to requests for sub-supplier information in the supply chain
- Maintain accurate and complete records as specified through the Guidebook

# H. PLATFORMS

VS&Co respects the privacy of all our suppliers. We handle digital information about suppliers responsibly. The systems that IPS utilizes to manage VS&Co's social compliance program allows our suppliers, auditors and associates to access critical information. Some of the information stored includes policies, guidance tools, supplier and factory information, audit reports, corrective action plans, remediation status and ongoing surveys. IPS has partnered with the platforms listed below to help manage VS&Co's supply chain data as it pertains to our social compliance program.

IPS Platforms	RizePoint	EiQ*	Sourcemap
Overview	<p>RizePoint is an internet-based system used by IPS to maintain supplier and factory information for our brands.</p> <p>We use RizePoint mainly as a repository for labor compliance audit results and corrective action plans (CAP) of non-apparel facilities. For Brand Protection and Supply Chain Security, RizePoint will be a repository for the audits for all facilities.</p>	<p>EiQ is a Web Real-time platform developed by ELEVATE Limited. Real-time analytics, reports and audit findings are tracked within the platform and linked to supplier performance and program effectiveness.</p> <p>We use EiQ for:</p> <ul style="list-style-type: none"> <li>• Access to detailed insight into labor compliance metrics by region and based on industry benchmarking</li> <li>• A repository of labor compliance audit finding and corrective action plans (CAP) of tier 1 and 2 facilities of apparel and accessories</li> </ul>	<p>Sourcemap is a supply chain transparency platform that provides supply chain mapping and transparency.</p> <p>We use Sourcemap for:</p> <ul style="list-style-type: none"> <li>• Mapping our supply chain</li> <li>• Supplier</li> </ul>
Users and Access	<p>Primary users are Suppliers.</p> <p><b>Note:</b> It is IPS' policy that RizePoint access is granted only to suppliers and not to factories. The supplier is responsible for communicating IPS' compliance requirements and audit reports to the factory. The supplier is also responsible for submitting any corrective actions on behalf of the factory. It is a violation of IPS' policy to provide your username and password to a factory to access RizePoint.</p>	<p>Primary users are Suppliers.</p> <ul style="list-style-type: none"> <li>• Users must be invited into the platform by "EiQ" to get access</li> <li>• Users register using their emails</li> </ul>	<p>Primary users are Suppliers, who can give access to factories if needed.</p> <ul style="list-style-type: none"> <li>• Users must be invited into the platform by "Sourcemap Inc." to get access</li> <li>• Users register using their emails</li> <li>• Users can invite members of their company to register and gain access to Sourcemap</li> </ul>

IPS Platforms	RizePoint	EiQ*	Sourcemap
Functionalities	<p>RizePoint allows suppliers to:</p> <ol style="list-style-type: none"> <li>1. Download compliance standards and program guidance</li> <li>2. Submit a new factory via the Factory Set-Up form for audit arrangement</li> <li>3. Download audit reports upon receipt of system email notification</li> <li>4. View active and prohibited factory lists</li> <li>5. Submit corrective action plans and supporting documents and/ or photos onto Corrective Action Management (CAM) module in RizePoint</li> <li>6. Submit Reorder request for VS &amp; Co Supplier Coder of Conduct Poster</li> <li>7. Submit Sell-off request</li> </ol>	<p>Authorized users can access the following pages via the Account page:</p> <ol style="list-style-type: none"> <li>1. Access to EiQ - the corrective action plan (CAP) and evidence of corrective actions are uploaded into Assess Module</li> <li>2. Receive E-learning trainings related to the processes of completing the CAP and handling key non-compliance issues through EiQ - Learn module</li> <li>3. Receive reminders of pending CAPs</li> </ol>	<p>Authorized users can access the following pages via the Account page:</p> <ol style="list-style-type: none"> <li>1. Edit surveys</li> <li>2. Submit surveys</li> <li>3. Invite other members of their company to edit and submit surveys</li> <li>4. Edit their account description, address, and logo</li> </ol>
Resources	<p>Suppliers can download step-by-step system guidelines by selecting the Guidance icon on the <a href="#">RizePoint</a> Home page and clicking on the "RizePoint Guidance" link.</p>	<p>Users can learn more by logging on to EiQ or can contact the EiQ Customer Success team.</p>	<p>Users can learn more by logging on to <a href="#">Sourcemap</a> or you can contact the IPS team.</p>

\* In 2023, IPS will pilot ELEVATE Limited's EiQ platform for remediation of labor compliance audits. As the pilot develops, IPS will notify suppliers when they are required to submit corrective actions through EiQ.

# APPENDIX A – SUPPLIER CODE OF CONDUCT

## SUPPLIER CODE OF CONDUCT

The Supplier Code of Conduct sets forth standards — in addition to all relevant laws, regulations and conventions — that apply to suppliers and their factories, sub-suppliers and subcontractors. Suppliers must adhere to these standards and communicate them to all workers in all countries in which they operate.

### A FAIR & RESPECTFUL WORKPLACE

#### FORCED LABOR, SLAVERY & HUMAN TRAFFICKING

Forced, prison, indentured, bonded, and slave labor as well as labor obtained through human trafficking are prohibited throughout our supply chain. Employers must not require workers to provide deposits or recruitment fees. If recruitment fees exist, the employer is responsible for payment of all employment eligibility and recruitment fees. The employer is not entitled to retain workers' personal identity documents and all workers must have freedom of movement. [ILO Conventions 29 and 105]

#### CHILD LABOR

All workers shall be at least the local minimum legal working age or ILO standard, whichever is higher. The facility must take all necessary precautions to ensure that authorized young workers, under the age of 18, are protected from working conditions that could pose a danger to their health, safety, or development. [ILO Conventions 138 and 182]

#### DISCRIMINATION

Workers must be selected only on the basis of their ability to do the job. Employers must not discriminate in employment, including hiring, compensation, advancement, termination, or discipline, on the basis of sex, gender identity, race, religion or belief, age, disability, illness, sexual orientation, pregnancy, marital status, civil partnership, nationality, political opinion, social or ethnic origin, or other protected status. All workers, regardless of gender, shall receive equal pay for work of equal value. [ILO Conventions 100 and 111]

#### HARASSMENT OR ABUSE

Workers must be treated with respect and dignity. No worker shall be subject to humiliating or corporal punishment, and the workplace must be free from all forms of physical, sexual, psychological, or verbal punishment, coercion, intimidation, harassment or abuse. [ILO Convention 190]

#### FREEDOM OF ASSOCIATION, RIGHT TO ORGANIZE & COLLECTIVE BARGAINING

Workers' rights to freedom of association and collective bargaining must be respected, as well as rights to refrain from participating in organizations of their choosing. Facilities must not interfere with, harass or intimidate workers who lawfully and peacefully associate, organize or bargain collectively. [ILO Conventions 87, 98, 135 and 154]

#### WAGES & BENEFITS

Employers must compensate workers with at least the minimum wage prescribed by local law, the prevailing industry wage or the wage negotiated in a collective bargaining agreement, whichever is higher. Employers shall compensate all overtime work at a premium rate and provide benefits as stipulated by local laws. Suppliers should strive to pay a wage sufficient to meet workers' basic needs and provide some discretionary income. Illegal or disciplinary deductions are not permitted. [ILO Conventions 1, 95 and 131]

#### WORKING HOURS

Overtime must be limited to a level consistent with humane and productive working conditions. Workers shall not work more than 48 regular hours (or lower if required by local laws or local industry standards) and shall not exceed 60 hours a week on a regularly scheduled basis. Workers must be given at least one day off in seven. All overtime must be voluntary. Workers must be provided with adequate breaks as legally required. [ILO Conventions 1, 14 and 30]

### HEALTH & SAFETY IN THE WORKPLACE

#### HEALTH & SAFETY

Employers must provide a clean, safe and healthy work environment and take steps to prevent accidents, illness and injury arising out of or occurring during the course of work. All workers must have access at all times to sanitary facilities, which should be adequate and clean. Workers must be provided at no cost with all the appropriate personal protective equipment. Where dormitories and canteens are provided to workers, the same standards apply. [ILO Convention 155]

#### ENVIRONMENT

Facilities should have policies and procedures in place to ensure environmental impacts are reasonably minimized with respect to energy, air emissions, water, waste, hazardous materials and other significant environmental risks. Facilities are expected to make sustainable improvements in environmental performance.

### OPEN & HONEST COMMUNICATION

#### TRANSPARENCY & TRACEABILITY

Our company, subcontractors and authorized agents must be given unrestricted access to all workers, production facilities and dormitories, and be granted access to all relevant records related to production facilities and sub-suppliers, whether or not notice is provided in advance.

#### SUBCONTRACTING

We do not allow unauthorized subcontracting and require all suppliers to formally request the use of new facilities and subcontractors. Suppliers, sub-suppliers and subcontractors must not use any form of home working arrangement for the manufacturing of our products.

#### ANTI-CORRUPTION/ANTI-BRIBERY

Suppliers must comply with all applicable anti-corruption and anti-bribery laws, rules and regulations.

VS&Co  
VICTORIA'S SECRET & CO.

ENGLISH – UPDATED 2021



# APPENDIX B – CONTACTS

DEPARTMENT	LOCATION	CONTACT
<b>Independent Production Services (IPS)</b>	Eastern Hemisphere	<p><b>Simon Pound</b> Director, Operations Email: SPound@ips-global.com</p> <p><b>Dana Nwadike</b> Director, Vendor Compliance Email: DNwadike@victoria.com</p>
	Western Hemisphere	<p><b>Odilia de Ciutiis</b> Director, Social Compliance Email: ODeciutiis@victoria.com</p> <p><b>Michael Hippler</b> Director, Compliance Audit Email: MHippler@victoria.com</p>
<b>Brand Protection</b>	Americas, European Union, Middle East & Africa	<p><b>Jeff Braden</b> Director Email: JBraden@victoria.com</p>
	Asia	<p><b>Jessica Li</b> Director Email: JLi@victoria.com</p>
<b>Issue Escalation</b>	Worldwide	<p><b>Shelly Zimmerman</b> Vice President, Independent Production Services (IPS) Email: SZimmerman@victoria.com</p> <p><b>Leigh Schmid</b> Senior Vice President, Global Trade Compliance VS&amp;Co &amp; President, Independent Production Services (IPS) Email: LSchmid@victoria.com</p>
<b>Anti-Corruption</b>	Worldwide	<p><b>William Hughes</b> Associate Vice President, Anti-Corruption &amp; Third-Party Risk Management Email: WHughes@victoria.com</p>
<b>Victoria's Secret &amp; Co. Ethics Hotline</b>	U.S. & Canada	Phone: (844) 575-1079
	Outside U.S. & Canada	Phone numbers can be found on <a href="http://vsco.ethicspoint.com">vsco.ethicspoint.com</a>

VS&Co  
VICTORIA'S SECRET & CO.