



PACT Ethical Sourcing Policy & Environmental Code of Practice

2021

ADA (Australian Defence Apparel P/L)

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PART 1: ADA ETHICAL SOURCING POLICY

Australian Defence Apparel (ADA) is committed to developing and maintaining high standards of ethical conduct. It is our goal to improve working conditions and remove exploitative and harmful work practices at all levels of our supply chain. This Ethical Sourcing Policy (the Policy) emphasises the importance we place on building long-term relationships with suppliers that promote and support ethical practices within Australia and offshore.

1. POLICY REQUIREMENTS

1.1 This Policy shall form part of the ADA Supplier Terms and Conditions.

1.2 All ADA Suppliers will be required to accept this Policy as part of the Terms and Conditions entered into with ADA, and/or to sign the declaration at the end of this Policy, in acknowledgment of their obligation to assist ADA in upholding the highest ethical standards as well as producing the best quality product.

1.3 Suppliers will have a written policy or policies covering the key rights and obligations outlined below, which is effectively communicated and accessible to all workers. Where possible, Suppliers will designate and train a worker representative to monitor compliance with this Policy and relevant local law.

2. CHILD LABOUR

2.1 Suppliers will not use child labour, being any person below the minimum employment age as defined by the relevant national law or the International Labour Organisation (ILO) convention 138 (being the local mandatory schooling age but not less than 15 years of age), whichever is higher. The Supplier must maintain copies of their employee's proof of age and be able to verify the age of employees when requested.

2.2 Suppliers will follow all applicable laws and regulations regarding working hours and conditions for all employees.

2.3 In respect of employees under the age of 18, Suppliers must establish and maintain adequate protocols to ensure that there are no adverse effects on the education and safety of such employees and such employees must not be permitted to perform potentially hazardous work.

3. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

3.1 Suppliers must ensure workers are free to associate, bargain collectively, join trade or workers' unions or associations, or to elect not to do any of these things, and communicate concerns to Supplier management directly or through representatives.

3.2 Suppliers will recognise the rights of union organisations to represent workers peacefully.

4. FORCED LABOUR

4.1 Suppliers will not use forced, bonded or involuntary labour. Workers shall be free to choose to engage in and separate from employment (subject to mutually agreed or reasonable notice periods).

4.2 Workers will not be required to surrender deposits or identification documentation and suppliers must ensure workers are free to leave once their shift ends or after giving reasonable notice.

4.3 Suppliers will not require workers to work in a manner that is unreasonably outside their ability or the provisions of their employment contract.

5. HEALTH AND SAFETY

5.1 Suppliers must provide a safe and hygienic working environment. Procedures appropriate to the industry and local laws must be taken to prevent accidents and injuries related to the working environment and its processes.

5.2 A Health and Safety Manager shall be appointed, and workers shall receive regular and recorded health and safety training, which shall be repeated for new or reassigned workers.

5.3 Workers must be provided with free access to safe, clean and hygienic sanitary facilities, without restrictions. Suppliers must provide a sanitary food storage and preparation area.

5.4 Suppliers must clearly communicate evacuation and other emergency action plans to workers, execute regular drills and provide regular health and safety training for workers relevant to their specific duties. Suppliers must provide a system for reporting hazards, injuries or other safety incidents as well as relevant methods to address actual or potential safety incidents.

5.5 Suppliers must provide workers with appropriate training such that their day-to-day tasks can be carried out in a safe and competent manner.

5.6 Suppliers must provide personal protective equipment and machinery safeguards, at no cost to the worker.

5.7 Suppliers will not expose any person (including a worker at any level of the supply chain or an end user of the product) to any unsafe or unethical manufacturing processes, or the products or by-products of these processes, including but not limited to:

- (a) use of dangerous or banned substances contrary to the European Union Registration, Evaluation, Authorisation and Restriction of Chemical Substances regulations;
- (b) use of any method, technique, treatment or process, which the Supplier knows would reasonably cause harm to workers or end users of the product; and
- (c) use of materials at any point in the supply chain known to have been produced by practices inconsistent with this Policy, international human rights standards or involve the inhuman treatment of animals.

6. WORKING HOURS

6.1 Working hours must conform with the national laws or industry standards (whichever provides greater protection).

6.2 Workers shall not be required to work, inclusive of overtime, in excess of 60 hours per week. At least one day off per seven days on average shall be provided.

6.3 Workers must be guaranteed and provided with breaks and days off as required by national laws.

6.4 Overtime work must be voluntarily undertaken, properly compensated and must not exceed the maximum hours of work set by relevant national laws. A Supplier must not request that a worker work overtime on a regular or excessive basis.

7. WAGES AND BENEFITS

7.1 Suppliers must pay wages and benefits that meet or exceed the national laws or industry standards (whichever is higher), regardless of whether workers are compensated hourly or by piece rate. Any overtime worked must also be calculated at the legally required rate.

7.2 Wages must be paid in a timely manner and in the local currency.

7.3 Before employment, workers will be provided with clear information regarding the particulars of wage payments and each worker will receive a payslip with a detailed breakdown of the wage payment.

7.4 Suppliers must not fine workers or make deductions from wages as a form of discipline. Overtime pay shall be calculated at the legally required rate or, where the such rate is not specified, at a minimum rate of

7.5 125% of the standard rate, regardless of whether workers are compensated hourly or by piece rate.

7.6 The standards and provisions in this Policy apply equally to all wage earners, including home-working arrangements.

8. DISCRIMINATION, HARASSMENT, ABUSE AND INHUMANE TREATMENT

- 8.1 Employment, refusal of employment, conditions of employment or treatment during employment must not be based on the basis of personal characteristics such as age, race, colour, nationality, gender, religion, political belief, marital or maternity status, sexual orientation, or disability.
- 8.2 Suppliers must ensure that workers are treated with dignity and respect and that work environments are free from physical, verbal, sexual or visual harassment, debasement, threats, coercion, intimidation, discrimination or any other inappropriate workplace behaviour.
- 8.3 Suppliers must not unreasonably prohibit religious observances.
- 8.4 Suppliers must not interfere with the reproductive rights of workers and workers who take maternity leave in accordance with local law will not be dismissed or demoted on that basis.
- 8.5 Suppliers must never use or allow the use of physical abuse, the threat of physical abuse, sexual or other forms of harassment, verbal abuse or other types of intimidation in relation to their workers.
- 8.6 Suppliers must provide a system for reporting and resolving workplace complaints, grievances and disputes.

9. PREVENTION OF BRIBERY AND ANTI-CORRUPTION

Suppliers must work against corruption in all its forms including bribery and extortion, avoid conflicts of interest, and not participate in measures designed to stifle competition.

10. RECORD KEEPING

Suppliers will make and maintain accurate records of:

- (a) all disciplinary matters;
- (b) all wages and benefits; and
- (c) all overtime hours,

to be readily available for the purpose of audits and shall provide such records to ADA when requested.

11. BUSINESS ETHICS

- 11.1 Suppliers will act at all times with integrity, honesty, transparency and fairness.
- 11.2 Suppliers shall not subcontract the manufacture and/or supply of goods or services without the prior written authorisation from ADA.
- 11.3 Where a Supplier subcontracts any of its services for ADA, the subcontractor will be required to comply with this Policy and the Supplier will be responsible for ensuring such compliance.
- 11.4 Suppliers will not accept or pay to any person, whether directly or indirectly, a bribe, gift, benefit, favour, facilitation payment, undisclosed commission, or any other illegal or improper payment in cash or in kind, under any circumstances.

12. ENVIRONMENT

- 12.1 Suppliers must work to minimise any negative impact on the environment. All relevant national and international environmental legislation must be adhered to in all manufacturing processes in the supply chain.
- 12.2 All dyeing, printing and finishing operations should conform to the Environmental Code of Practice set out in Part 2 of this document.

13. ANIMAL WELFARE

Cruel treatment of animals is not permitted. Suppliers are required to promote animal welfare by minimising any

potential harm, stress or pain to animals, and adhering to relevant national and international standards for animal welfare.

14 NON-COMPLIANCE

- 14.1 Suppliers will allow ADA, or a third party to whom ADA delegates its powers under this part, to conduct unannounced audits at its discretion.
- 14.2 If ADA reasonably suspects or becomes aware that one of its Suppliers is not complying with this Policy in a material way, and does not take adequate steps to bring its activities into compliance in the manner or timeframe reasonably required by ADA, ADA may take steps to suspend or end the relationship by written notice to the Supplier.

PART 2: ENVIRONMENTAL CODE OF PRACTICE FOR THE DYEING, PRINTING & FINISHING OF GOODS SUPPLIED TO ADA

15. GENERAL

15.1 The objective of this code of practice is to ensure that, within existing technology, no materials, dyes or chemicals used in the production of garments, fabrics, leather and/or textile-related products present an unacceptable risk to health or the environment during their manufacture, use or disposal.

15.2 ADA has a long-established reputation for conducting business in a manner that reflects its values. We, therefore, take our responsibilities to the environment and safety seriously.

15.3 Together with our suppliers we will continue to seek out opportunities to achieve sustainable ongoing improvements. We will continue to update this Code of Practice on a regular basis, incorporating changes in legislation or new additions to the SVHC (Substances of very high concern) and the RSLs (Restricted Substances Lists), as documented in the European Reach program.

15.4 REACH is a European Community Regulation on chemicals and their safe use. It deals with the Registration, Evaluation, Authorisation and Restriction of Chemical substances.

15.5 REACH places greater responsibility on the industry to manage the risks that chemicals, or consumer articles, may pose to public health and to the environment.

15.6 ADA collaborates with suppliers that can demonstrate compliance with EU REACH by providing a REACH Certificate of Compliance certifying that a product is compliant with the EU REACH regulation (EC) No 1907/2006.

16 REACH SVHC LIST

16.1 REACH SVHC list is updated frequently and should be referred to, so that no substances of concern are used in the manufacturing process. The following link is available to download the latest REACH SVHC list.

http://www.chemsafetypro.com/Topics/EU/REACH_SVHC_List_Excel_Table.xlsx

16.2 REACH SVHC Finder should be used to search if a chemical substance is a Substance of Very High Concern (SVHC) under EU REACH regulation and whether it is subject to REACH authorization. The finder enables a search of the REACH SVHC list and REACH authorization list at the same time.

REACH SVHC Finder -

https://www.chemsafetypro.com/Topics/EU/REACH_SVHC_Finder.html

·ECHA Website for SVHC List -
<https://echa.europa.eu/candidate-list-table>

17. REACH ANNEX XVII: REACH RESTRICTED SUBSTANCE LIST

17.1 The Annex XVII of REACH regulation contains the list of restrictions on certain hazardous substances, mixtures and articles for their marketing and use on the European market. A restriction can apply to any substance on its own, in a mixture or an article, including those that do not require registration. The list is known as the REACH restricted substances list or simply as REACH Annex XVII.

17.2 Each entry on the REACH Annex XVII shows the substance or group of substances or the mixture and the consequent restriction conditions.

17.3 Some substances are banned by REACH Annex XVII. These substances include:

- Polychlorinated terphenyls (PCTs), asbestos fibres, pentachlorophenol and its salts and esters, and
- Monomethyl tetrachlorodiphenyl methane. Many of them are persistent organic pollutants (POPs).

17.4 REACH Restricted Substances Finder (RRS Finder) provides an overview of all REACH restriction entries assisting in the identification of substances under REACH and what the applicable restriction condition (if any) is.

- REACH Restricted Substances Finder (RRS Finder) -
https://www.chemsafetypro.com/Topics/EU/REACH_Restricted_Substances_List_RRS_Finder.html
- If products have been treated with biocidal products (i.e. preservatives, anti-microbial agents), the Biocidal Products Regulation (BPR) must also be complied with.

18. DYESTUFF SUPPLIERS

Preferably, dyes supplied by ETAD (Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers) member companies should be used. A list of ETAD member companies can be found on the ETAD website at www.etad.com.

19. FORMALDEHYDE

The Australian Competition and Consumer Commission (ACCC) through Product Safety Australia has issued safety guidance on the concentration of formaldehyde in clothing and textiles.

<https://www.productsafety.gov.au/publication/safety-guidance-on-concentrations-of-particular-chemicals-in-certain-consumer-goods>

19.1 The ACCC uses the European Union benchmark for the applicable maximum residue limits for formaldehyde.

19.2 Testing should be carried out to ensure that regulated permissible levels of free formaldehyde are adhered to using test method ISO 14184-1 2011.

19.3 Permissible levels of free formaldehyde are:

- (a) 30 ppm for infant garments
- (b) 75 ppm for garments that contact the skin and
- (c) 300 ppm for other garments or fabrics where there is no likely contact with the skin.

20. PHTHALATES (PVC PRODUCTS)

20.1 Phthalates are giving increasing concern as potential endocrine modulators and possible carcinogens.

20.2 The Commonwealth of Australia has introduced an 18-month interim ban on certain products for children and infants up to the age of 3 containing more than 1 per cent w/w of the chemical.

21 FUTURE CHEMICALS OF CONCERN

21.1 There is a growing debate regarding the use of chemicals that may harm human health and/or the environment. Ultimately, the use of some of these chemicals may be banned or restricted. We request that our suppliers anticipate which chemicals may be of concern and develop commercially viable alternatives to them.

21.1 Suppliers should review the REACH regulation on a regular basis to ensure that they work responsibly in recognising substances of very high concern (SVHC).

21.2 According to Article 33 of REACH Regulation (Regulation (EC) No. 1907/2006), producers, importers and other suppliers of articles containing SVHC on the Candidate List with a concentration above 0.1% (w/w) must provide information about the SVHC to ADA.

22. SKIN IRRITATION

In order to minimise the risk of skin irritation, all fabrics, yarns and materials used in the manufacture of products should be finished to a pH range that is compatible with human skin. The acceptable range is normally between 4.5 and 7.5. For leather products, 3.5 is acceptable.

23. PRODUCT SAFETY DATA SHEETS

23.1 All dyes or chemicals used must have an authentic safety data sheet from the supplier giving adequate warning of the health, safety and environmental hazards of the product and advice on appropriate measures for its safe storage, use and disposal. candidate List with a concentration above 0.1% (w/w) must provide information about the SVHC to ADA.

24. STORAGE AND HANDLING OF DYES AND CHEMICALS

24.1 The handling of all chemicals must be made the subject of high standards of industrial hygiene and safe working practices, the objective being to prevent or to reduce an absolute minimum the exposure to the workforce and any associated health risks. Exposure can occur through skin absorption, contact with the eyes, ingestion or inhalation.

24.2 Working procedures should be established to avoid exposure by any route. As far as possible, this should be achieved by engineering means such as containment and/or effective ventilation, including the use of dust free or liquid products.

24.3 In all instances of possible risk, personal protective equipment (e.g. dust masks, eye protection, gloves, aprons, etc.) must be provided by the employer and properly used by the workforce.

24.4 All dyes and chemicals should be stored in areas which are kept clean, dry, cool and well ventilated. Suitable firefighting equipment must be available and monitored regularly. Further guidance on the safe handling of dyes and chemicals is available from suppliers and local or national health and safety authorities.

24.5 Particular attention should be paid to ensuring that any chemical spill does not enter the environment.

25. WASTEWATER TREATMENT

Effluent from each textile wet processing facility should be treated prior to discharge to a receiving water either on site or at an effluent treatment plant whose discharge content limits are regulated by a local and/or national governmental authority.

26. ENVIRONMENTAL MANAGEMENT SYSTEMS

26.1 All the foregoing requirements should naturally form part of an environmental impact review undertaken as part of a company's environmental management system. This may take the form of an informal internal system that is built into the operating procedures of the company. However, it is becoming increasingly important for companies who operate potentially polluting processes to be able to demonstrate a structured approach to environmental management and a commitment to environmental improvements. An appropriate way of achieving this is by accreditation to a formal, externally verified EMS Standard, such as ISO 14001.

26.1 In addition to the above requirements, Suppliers must continually seek out opportunities to help reduce the environmental impact by exploiting new technology and processing methods to help reduce waste and energy consumption whilst making efficient use of dyes and chemicals.

26.2 Each manufacturing operation in the supply chain must conform to international and local legislation on health and safety in the workplace and comply with all locally applicable standards or requirements for solid, liquid and airborne emissions.

27. RESPONSIBILITIES

27.1 Suppliers are responsible for carrying out due diligence checks on their own facilities and third party's facilities.

27.2 Each Supplier is responsible, together with their supply base, for ensuring they are aware of and comply with all current legislation relevant to their operation and activities and product end use.

27.3 Failure to comply will result in an immediate suspension of the Supplier's product(s). The source of the failure must be identified, and the chemical must be eradicated from the supply chain.

27.4 The environment is everyone's responsibility, and ADA requests that Suppliers discuss and action this code with their team and supply base. Suppliers must be proactive in identifying potential problems and developing commercially viable solutions to them.

27.5 Preference is given to suppliers that can demonstrate compliance with one or more of the following regulations:

(a) EU REACH

(b) STANDARD 100 by OEKO-TEX®

<https://www.oeko-tex.com/en/our-standards/standard-100-by-oeko-tex>

(c) STeP by OEKO-TEX® <https://www.oeko-tex.com/en/apply-here/step-by-oeko-tex>

(d) Bluesign <https://www.bluesign.com/en>

(e) Global Organic Textile Standard (GOTS) <https://global-standard.org/>

PART 3: DECLARATION

1 DECLARATION

28.1 By signing this document, the Supplier agrees that they have read and understood this Policy and that their organisation is compliant with the requirements of this Policy. The Supplier warrants that there is compliance with this Policy throughout its supply chain (including all Suppliers, contractors and sub-contractors).

28.2 If at any time the Supplier undergoes a material change in any part of its supply chain or considers that material non-compliance with this Policy is imminent, it will immediately notify ADA in writing. This document has been signed by an authorised person of the Company and all the information in this declaration is true and correct.

ACCEPTANCE OF POLICIES:

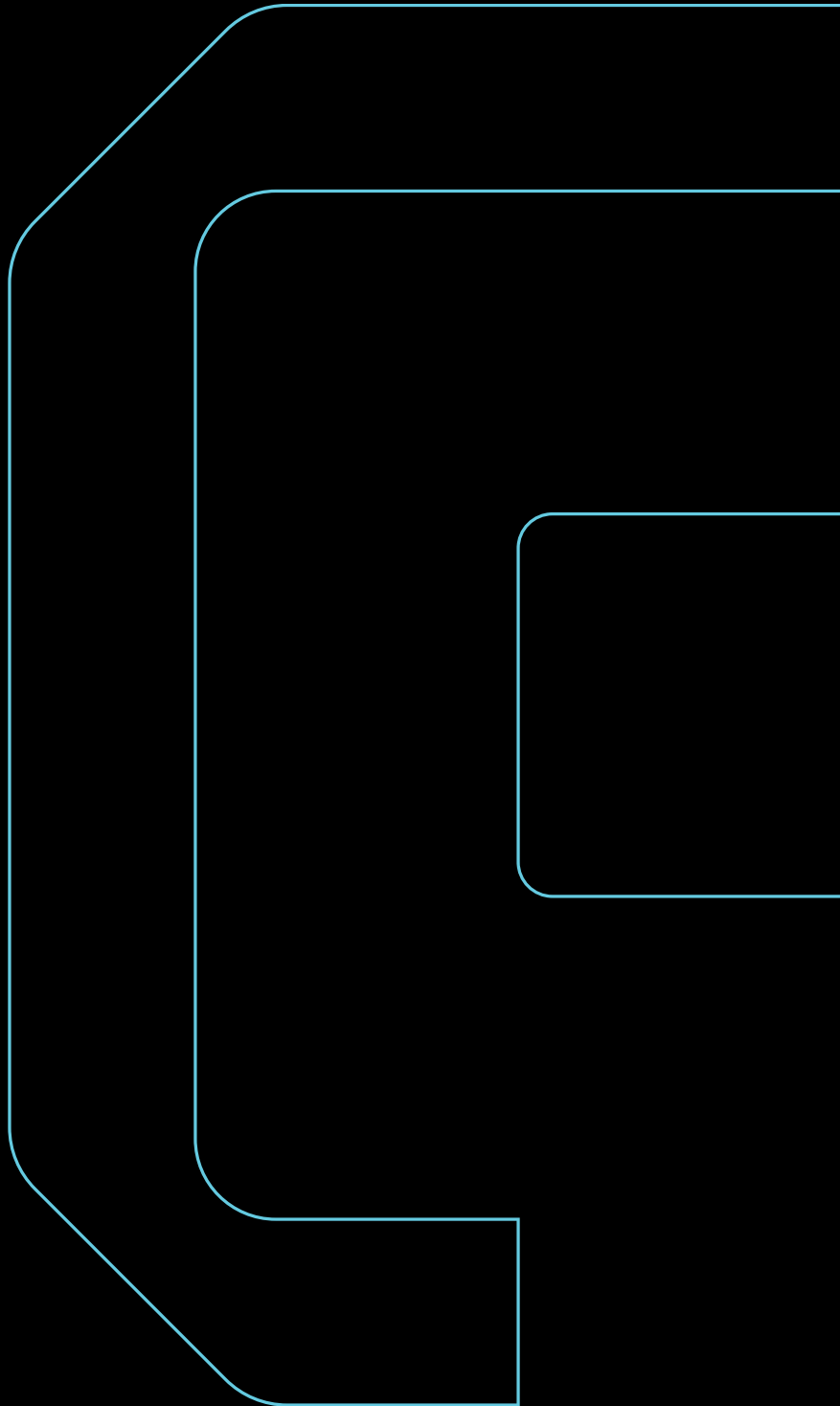
The Supplier hereby agrees to adhere to the Ethical Sourcing Policy and Environmental Code of Practice and agrees that by signing this, the Ethical Sourcing Policy and Environmental Code of Practice will form part of the Terms and Conditions executed by the Supplier.

Name of Company

Signature of Authorised Representative

Name of Authorised Representative (Please Print)

Date





Ethical Sourcing Policy & Environmental Code of Practice



Let's make a PACT!

PACT is ADA's ESG program. It is a movement towards Promoting Accountability, Community and Transparency. Through this innovative initiative, PACT and its partners are not just contributing to global ESG standards - they're reshaping them.

The PACT Program includes 4 pillars and tangible pathways to achieve our vision.

ESG Program Name	PACT			
4 Pillars Sits under ESG	 Planet	 People	 Practice	 Performance
Pathways Sits under Pillars	Designing for End of Life Circularity Waste Reduction	Indigenous Partnerships Diversity & Inclusion Employer of Choice Responsible Supply Chain Corporate Social Responsibility	Ethical Trade Transparency Risk Management	Job Growth Exceeding Customer Expectations Research, Development & Innovation Responsible purchasing and sourcing

Join us as we define what it means to do business in the 21st century!

Learn more about PACT
ada.com.au/pact



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