

## **Li & Fung (Trading) Limited Code of Conduct For Vendors**

This Li & Fung (Trading) Limited Code of Conduct (“Code of Conduct”) outlines the basic requirements concerning working conditions that must be satisfied by all vendors (“Vendors”) to principals of Li & Fung (Trading) Limited (“Li & Fung”). Li & Fung and its principals are free to supplement these requirements at any time.

### **Child Labor**

Vendors shall not use child labor. “Child” is defined as a person who is not older than the local age for completing compulsory education but in no event is less than 15 years of age. Vendors must verify the age of their workers and maintain copies of their workers’ proof of age. Vendors must follow all applicable laws and regulations regarding working hours and conditions for minors.

### **Involuntary Labor**

Vendor shall not use involuntary labor. “Involuntary Labor” is defined as work or service which is extracted from any person under threat or penalty for its non-performance and for which the worker does not offer himself or herself voluntarily, and includes all manner of prison, bonded, indentured and forced labor.

### **Disciplinary Practices**

Vendors shall not use corporal punishment or any other form of physical or psychological coercion or intimidation against workers.

### **Non-discrimination**

Vendors shall employ workers solely on the basis of their ability to do the job, and shall not discriminate on the basis of age, gender, racial characteristics, maternity or marital status, nationality or cultural, religious or personal beliefs or otherwise in relation to hiring, wages, benefits, termination or retirement.

### **Health and Safety**

Vendors shall maintain a clean, safe and healthy workplace in compliance with all applicable laws and regulations. Vendors shall ensure that workers have access to clean drinking water, sanitary washing facilities and an adequate number of toilets, fire-extinguishers, and fire exits and that workplaces provide adequate lighting and ventilation. Vendors shall ensure that the aforementioned standards are also met in any canteen and/or dormitory which is provided for workers.

### **Environmental Protection**

Vendors shall comply with all applicable laws and regulations in respect of protecting the environment and maintain procedures for notifying local authorities in the event of an environmental accident resulting from Vendors’ operations.

**Wages and Benefits**

Vendors shall provide wages and benefits that comply with all applicable laws and regulations or match the prevailing local manufacturing or industry rates, whichever is higher. Overtime pay shall be calculated at the legally required rate, regardless of whether workers are compensated hourly or by piece rate.

**Working Hours**

Vendors shall not require workers to work, including overtime, more than 60 hours per week or more than any maximum number of hours per week established by applicable laws and regulations, whichever is less. Vendors shall guarantee that workers receive at least one day off during each seven-day period.

**Freedom of Association**

Vendors shall respect the right of workers to associate, organize and bargain collectively in a legal and peaceful manner.

**Familiarization and Display of This Code of Conduct**

Vendors shall familiarize workers with this Code of Conduct and display this Code of Conduct, translated in the local language, at each of their facilities in a place readily visible and accessible to workers.

**Legal Requirements**

Vendors shall comply with all legal requirements applicable to the conduct of their businesses, including those set out above.

**Contractors and Suppliers**

Vendors shall ensure that their contractors and suppliers adhere to this Code of Conduct.

**Monitoring of Compliance**

Vendors authorize Li & Fung and its principals to conduct scheduled and unscheduled inspections of Vendors' facilities for the purpose of ensuring compliance with this Code of Conduct. During these inspections, Li & Fung and its principals shall have the right to review all employee-related books and records maintained by Vendors and to interview workers.

**Corrective Action**

When violations are found, Li & Fung and the Vendor concerned will agree on a corrective action plan that eliminates the problem in a timely manner. If it is determined that a Vendor is knowingly and/or repeatedly in violation of this Code of Conduct, Li & Fung and its principals shall take appropriate corrective action, which may include cancellation of orders and/or termination of business with the Vendor in question.

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## Vendor Agreement

Li & Fung (Trading) Ltd. is dedicated to full and complete compliance with all laws and regulations applicable to the conduct of its business and expects its vendors, and buying agents utmost cooperation and commitment with such efforts. It is therefore requested that the owner, president, managing director, or chairperson for your company sign and return a copy of this letter thereby confirming your understanding of its contents and agreement to undertake the obligations it sets fourth.

Please return a signed copy within (30) days of this letter. If Li & Fung (Trading) Ltd. does not receive a timely response, it will be forced to review its relationship with your company.

In closing, we highly value the relationship with your company and believe that you share our compliance concerns. Thank you in advance for your cooperation and we look forward to continually strengthening our relationship for years to come..

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

