

CODE OF CONDUCT

B L A N C H E

INTRODUCTION

BLANCHE's Code of Conduct is based on; the UN Global Compact's 10 principles, the International Labour Organisation (ILO) Conventions and Recommendations, the International Bill of Human Rights, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

The Code of Conduct describes the ethics and behaviour we wish to promote throughout our supply chain, regarding working conditions and environmental responsibility. The Code of Conduct applies to every level of our supply chain from farm to garment factory, including all subcontractors and sub-suppliers. The Code equally apply to permanent, temporary, and agency workers, as well as piece rated, salaried, hourly paid, legal young workers (minors), part time, night, and migrant workers.

When manufacturing for BLANCHE, the supplier must guarantee by his contract signature that all merchandise produced under this contract, are in full compliance with local laws and regulations, and the BLANCHE Code of Conduct.

BLANCHE acknowledges and respects there are differences between national cultures and traditions on our planet. We are also aware complying with our Code of Conduct is in some occasions a continuous journey that needs to be taken step by step. Our mutual drive with all our suppliers and sub-contractors is to gain full conformity to our Code of Conduct.

1. HUMAN RIGHTS

Suppliers shall not discriminate, exclude or have a certain preference for persons based on gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organisations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases or any other condition that could give foundation for discrimination.

Workers should be hired because of their ability to do the job and not because of their individual characteristics.

Every worker shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse or to monetary fines or embarrassing acts as a disciplinary measure.

Female applicants are not to be tested for pregnancy and not to be discriminated in their hiring, advancement, discipline or retirement practise.

1.1 LABOUR STANDARDS

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Workers must be free to join organisations of their own choice. Suppliers shall; (a) recognise and respect the right of workers to form unions in a free and democratic way, (b) not discriminate against workers because of trade union membership and (c) respect workers' right to bargain collectively.

When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, suppliers shall respect this principle by allowing workers to freely

elect their own representatives with whom the company can enter dialogue about workplace issues.

More information to be found on below links:

- C87 Freedom of Association and Protection of the Right to Organise Convention, 1948: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C087>
- C98 Right to Organise and Collective Bargaining Convention, 1949: <http://www.oit.org/ilolex/cgi-lex/convde.pl?C098>
- C135 Workers' Representatives Convention, 1971: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C135>
- C154 Collective Bargaining Convention, 1981: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C154>

CHILD LABOR

No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher. Suppliers must ensure that Juvenile workers (ages 15-17) do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety or morals.

More information to be found on below links:

- C138 Minimum Age Convention, 1973: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C138>
- C182 Worst Forms of Child Labour Convention, 1999: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C182>
- R79 Medical Examination of Young Persons Recommendation, 1946:
<http://www.ilo.org/ilolex/cgi-lex/convde.pl?R079>
- R146 Minimum Age Recommendation, 1973: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?R146>
- UN Convention on the Rights of the Child, 1990: <http://www2.ohchr.org/english/law/crc.htm>

Suppliers must establish robust age-verification mechanisms as part of the recruitment process, which may not be in any way degrading or disrespectful to the worker. This principle aims to protect children from any form of exploitation. Special care is to be taken on the dismissal of children, to avoid them from moving into more hazardous employment, such as prostitution or drug trafficking. In removing children from the workplace, suppliers should ensure the protection of affected child - When appropriate, supplier shall pursue the possibility to provide decent work for adult household members of the affected children's family.

FORCED LABOR

There shall be no use of forced labour, including prison, indentured, bonded, slave or other forms of forced labour. Acts of human trafficking are also prohibited. Suppliers are required to monitor any third-party entity which assists them in recruiting or hiring employees, to ensure that people seeking employment at their facility are not compelled to work through force, deception, intimidation, coercion or as a punishment for holding or expressing political views.

More information to be found on below links:

- Article C29 Forced Labour Convention, 1930: www.oit.org/ilolex/cgi-lex/convde.pl?C029
- Article C105 Abolition of Forced Labour Convention, 1957: www.ilo.org/ilolex/cgi-lex/convde.pl?C105

HOURS OF WORK

Suppliers shall not require workers to work more than 48 hours per week, or the maximum allowed by the law of the country of manufacture, whichever is less. Employers shall allow workers resting breaks in every working day and at least 24 consecutive hours of rest in every seven-day period.

The sum of regular and overtime hours in a week shall not exceed 60 hours, or the maximum allowed by the law of the country of manufacture, whichever is less. Overtime shall be voluntary and shall not be demanded on a regular basis.

More information to be found on below links:

- C1 Hours of Work (Industry) Convention, 1919: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C001>
- C14 Weekly Rest (Industry) Convention, 1921: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C014>
- R116 Reduction of Hours of Work Recommendation, 1962: <http://www.ilo.org/ilolex/cgi-lex/convde.pl?R116>

WAGES

Wages must at least follow the minimum as required by national law and business standards - whichever is the higher. Wages above the minimum requirement are encouraged to attract the best and most stable labour force, and wages must - considering the working hours - always be sufficient to meet the basic needs of workers and their families and provide some discretionary income.

In addition to compensation for regular working hours, employees must be compensated for overtime hours at the rate legally required in the country of manufacture. In those countries where such laws do not exist a rate exceeding the regular hourly compensation rate should be at least 125%.

1.2 HEALTH AND SAFETY

WORKING ENVIRONMENT

The supplier shall provide a safe, clean and healthy working environment with adequate space and services for the workers.

All workers should be able to leave without any negative repercussions if they are sick or have stipulated annual leave. The supplier should pay any costs (not covered by the national social security), which a worker may incur for medical care following an injury during working for the supplier.

The supplier shall establish systems to detect avoid or respond to potential threats to the health and safety of all its workers.

PREVENTION OF INJURY

Suppliers must do a thorough risk assessment of all areas of the facility and ensure that employees are not working in a dangerous environment. Where risks cannot be eliminated, the supplier must provide sufficient and well-maintained personal protective equipment, and all risks must be clearly signed.

There must be a sufficient number of employees trained in first aid, and adequately stocked first aid kits available to all employees.

All working stations must be sufficient regarding adequate body positioning, lighting, air/ventilation and temperature. All machinery shall be properly maintained and serviced and equipped with proper protection measures.

The supplier shall provide information about the health and safety standards relevant to their activities to all their workers in their local language - both written and oral form. The information shall include details on the effects of all substances used in manufacturing processes, on special hazards that tasks/conditions of work involve and the related measures available to protect workers. Suppliers

shall always provide effective Personal Protective Equipment (PPE) to all workers free of charge.

PROTECTION FROM CHEMICAL EXPOSURE

All safety precautions about the use, storage and handling of chemicals must be taken, and employees must be sufficiently trained in handling chemicals. There should be a Material Safety Data Sheet (MSDS) listing all chemicals on site.

KITCHEN, DINING AREA AND DORMITORIES

Workers must have easy access to food (it is recommended and encouraged that the supplier provides at least one free daily meal at work), sanitary food storage and fresh clean potable water, toilet/bath facilities and medical aid. Access here to shall never be unreasonably withheld.

Dormitory buildings shall be separate from the factory building. Dormitories must have sufficient living and storage space for workers, matching national standards of living facilities and all necessary services must be provided.

Dormitories, kitchens and dining areas must have clearly marked exits, and preferably emergency exits on all floors. All exit doors should open outwards and must not be blocked on the inside or the outside by e.g. goods, fabrics and boxes.

FIRE SAFETY AND EMERGENCY PREPAREDNESS

All fire safety precautions must be taken, including adequate warning systems, provision of fire safety equipment, clear and well-marked exits and escape routes.

If emergency exits are locked for safety reasons or to prevent theft, the keys should be placed behind breakable glass next to the exit doors, or otherwise the keys should be easily accessible and thus available to all staff always.

All workers should be aware of the safety precautions, such as emergency exits, fire extinguishers and first aid equipment. An evacuation plan should be clearly displayed in the factory and the fire alarm should be tested regularly along with regular evacuation drills. Sufficient fire extinguishers must be available on all floors and an adequate number of workers must be trained in the proper use hereof.

1.3 ENVIRONMENT

BLANCHE's concern about nature and environment is incorporated in our business model and core values to take responsibility of our global society and generations to come. Our key focus in design and product development is that our production should have as small impact on the global environment as possible.

All national and regional environmental laws must be followed, and suppliers must set up an environmental management plan to minimise the effect of business activities on the environment. It is also our suppliers and subcontractors' obligations to assure our sustainable material and certification demands are met and stay proactive to new innovations and sustainable techniques in the textile industry.

More information to be found on below links:

- The Rio declaration on Environment and Development:
<http://www.unep.org/Documents.Multilingual/Default.asp?documentid=78&articleid=1163>
- Sustainable Water Group, Water Quality Guidelines – 2010:
http://www.bsr.org/reports/awqwg/BSR_AWQWG_Guidelines-Testing-Standards.pdf

CHEMICAL RESTRICTIONS

Chemicals are needed in all kinds of textile products including ours – from the manufacturing of raw material to dyeing, printing, final look, and function. The challenge is to avoid the toxic ones that are harmful to the environment, animals and our health.

BLANCHE's Chemical Restrictions are based on EU's regulation REACH. Moreover, the criteria (compounds and limit values) are inspired by the Ouko -Tex Standard 100. This means that the Chemical Restrictions are a list of chemicals which are either not allowed in our products, or are only allowed in limited amounts, and includes substances that can be hazardous to human health or the environment as well as those documented to have a harmful effect. We believe this is needed for calling a product and production safe and sustainable.

Suppliers must follow and comply with the current BLANCHE Chemical Restrictions Manual. All chemicals and hazardous materials must be safely handled, transported and disposed of according to law with detailed records kept and a MSDS in the local language must be available where the chemicals are used.

WATER AND WASTE WATER MANAGEMENT

Suppliers should use water responsibly, and work to minimise their water footprint. This includes reducing water use and implementing water recycling as much as possible. Suppliers must treat and dispose of wastewater according to the local law or the benchmark guideline in the industry whichever is higher.

ENERGY EFFICIENCY, AIR EMISSIONS AND CLIMATE CHANGE

Suppliers should work to reduce energy consumption and Carbon footprint. All emissions that are produced during production must be monitored and controlled and treated as required by law.

CLEANER PRODUCTION AND WASTE MANAGEMENT

Suppliers shall work to improve resource efficiency e.g. by implementing cleaner production techniques and reduce waste during production processes. Suppliers shall implement methods to reuse or recycle waste from the factory. Suppliers should keep detailed records of resource consumption as well as waste production and emissions, to ensure effective monitoring. This information should be available to BLANCHE on request.

1.4 ETHICS

INTEGRITY

Suppliers should display the highest level of ethical integrity when dealing with workers, sub-suppliers and BLANCHE employees.

Suppliers should work against corruption in all its forms, including facilitation payments, extortion and bribery. All forms of corruption, extortion and embezzlement are strictly prohibited. Such activities may result in immediate termination of the business relationship, in communication with relevant authorities and organisations, as well as in legal actions.

Corruption is a major hindrance to development and fair competition and should be eliminated in all its forms.

PROTECTION OF 'WHISTLEBLOWERS'

Suppliers should provide an anonymous method for workers to report workplace grievances and ensure that policies are in place to protect workers when complaints and grievances are reported in good faith.

ANIMAL WELFARE

In BLANCHE, we do not accept that animals under any circumstances are harmed for the manufacturing of our products.

WE DO NOT USE:

- Leather that is not a by-product from animals that have been bred for the food industry.
- Leather obtained from live-skinning or live-boiling.
- Feather or down from birds that have not been bred and raised for the food industry.
- Feather or down from greylag geese due to the risk that they have been force-fed to produce foie grass.
- Feather or down from birds that have been live-plucked (suppliers are expected to declare their suppliers of feather and down).
- Wool from sheep that have been exposed to mule sing (we require evidence from suppliers that all merino wool for our products are mule sing-free).
- Angora wool
- Materials derived from species that appear on the CITES (the Convention on International Trade in Endangered Species of Fauna and Flora) or IUCN (International Union for Conservation of Nature) lists of endangered species.
- Wild Hides from farms that are in areas where rain-forests have been cut down to make room for farms.

In addition, we require that any materials derived from animals used in our products are from animals that are treated humanely and according to animal welfare laws and international recommendations.

1.5 TRANSPARENCY

All production locations making our products need to be transparently informed to and kept updated to BLANCHE. If the supplier requests to cancel or add a subcontractor, or move styles

from one subcontractor to another, they must ask BLANCHE for approval. The term “subcontractor” concerns all facilities within the processes of cut make trim, laundry, printing, embroidery, weaving and knitting.

Suppliers must be fully aware of all sites and companies involved in their production network and should be able to provide BLANCHE with a detailed and comprehensive map of their supply chain on request. From sourcing to the consumer, a product is not only defined by its end-use, but also by its root and route to the end customer. We support strong, well-defined supply chain transparency - Transparency is key to ensuring credibility.

If BLANCHE decides that certain companies, regions or countries are not to be worked with based on ethical or environmental concerns, suppliers must respect these sourcing decisions. BLANCHE reserves the right to arrange social audits to ensure our Code of Conduct is complied with. All suppliers and subcontractors are equally applicable to social audits.

Hence, BLANCHE does demand all suppliers and subcontractors to meet our basic demands and if not, make improvement progress where necessary. If violations to our Code of Conduct are found, these must be discussed between supplier and BLANCHE and corrected through an agreed action plan. Resistance to making improvements through the agreed corrective action plan may lead to termination of the business relation. Though, our policy and method are to primarily recognize, understand and find solutions of improvement progress collaboratively with the supplier or subcontractor.