

Responsible Business Conduct

B32 Groep – Silvercreek and Madness

Introduction

B32 Groep (Open32, Silvercreek and Madness) wants to make nice products together with their business partners which are made in good labor conditions, have lowest possible environmental impact and have no negative impact on animal welfare. By working together with our partners we try to prevent, diminish and eliminate risks on all above areas in the supply chain of our products.

We aim for long term relationships with all our business partners as we believe that this will build trust between each other. And this will make it easier to decrease the risks on negative impacts, which will benefit all parties involved.

In this document we will point out all values and principles according to the due diligence policy that we are following. We ask our business partners to judge this as a joint responsibility and agree on this by sending us a signed copy of this document.

Due diligence policy

The United Nations state it is the shared responsibility of government and enterprises throughout the supply chain to prevent and reduce any adverse impact on people and environment in the product or supply chain.

In order to ensure that activities across the supply chain are conducted in an ethical and transparent manner, as a business we have adopted the OECD 'Due Diligence' methodology. OECD is a membership organisation and has created guidelines for how enterprises should carry out their responsibilities adopting a due diligence approach, including specific Guidance for the Garment Sector. Besides the OECD guidelines we also adopted the UN Guiding principles on Business and Human rights which is part of the OECD guidelines.

We are doing this as a signatory member of the Dutch Agreement of Garment and Textiles. Due diligence¹ is a process to identify risks and manage actual and potential adverse impacts in our own operations and in our supply chains. Through this method we try to prevent, diminish and eliminate risks in our supply chain. When we identify negative impacts on both people and planet in our supply chain, we will take our responsibility to mitigate and account for them. Also we will look at our own buying practices such as: Inaccurate forecasting, late orders, short lead times and last minute changes, these practices can lead to intense pressure and poor working conditions at suppliers.

Due diligence is more than compliance to labour or textile standards – it moves beyond the limitations of those standards. Due diligence is an on-going process that should be carried out for every order, production location, material and process. This is important because risks or harm may change over time. Due diligence is flexible and based on prioritisation, required of all enterprises, big or small, and includes looking at purchasing practices as well.

Common goals, supplier collaboration

To be aware of what is going on in our supply chain we need to work together with our suppliers. By addressing any potential risks in the supply chain, by collaborating we can decide which actions are required to reduce these risks. We see this as our common responsibility. Therefore, our wish is to cooperate with all suppliers that are directly or indirectly linked to our products via a business relationship (such as sub-supplier, sub-contractor, agent or importer).

¹ Due diligence is the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts. Due diligence can be included within broader enterprise risk management systems, provided that it goes beyond simply identifying and managing material risks to the enterprise itself to include the risks of harm related to matters covered by the Guidelines. (OECD Guidelines, II, Commentary 14)

We ask all our suppliers to notify us of any risk of adverse impacts² relating to human rights, labour rights, animal welfare and environmental hazards during the manufacturing, transportation and distribution of our products.

Together, we should:

- Carry out risk-based due diligence to identify, prevent and mitigate actual and potential adverse impacts and account for how these impacts are addressed.
- Avoid causing or contributing to adverse impacts on matters covered by the OECD Guidelines, through our own activities, and address such impacts when they occur.
- Seek to prevent or mitigate an adverse impact where we have not contributed to that impact, when the impact is nevertheless directly linked to our operations, products or services by a business relationship.
- Strive for best-practice performance throughout all activities involving our operations, products and services (*future goals, including targets and timeline*).

9 focus areas

We have prioritised nine specific themes for the garment and textile sector in close cooperation with our stakeholders (National Government of the Netherlands, trade associations, NGO's and Dutch labour unions). These require priority attention. These themes are, in no particular order:

1. Discrimination and gender
2. Child labor
3. Forced labor
4. Freedom of association
5. Living wage
6. Safe and healthy workplace
7. Raw materials
8. Water, energy and chemicals
9. Animal welfare

We divided the 9 themes mentioned above in 3 parts; u Social Compliance themes, Environmental themes and Animal Welfare. In the following pages these themes are described more in detail.

General and Legal Compliance

B32 Groep asks suppliers to comply with all applicable laws and regulations, industry minimum standards, OECD guidelines and ILO and UN Conventions, and any other relevant statutory requirements whichever requirements are more stringent.

The supplier declaration (incl. 4 annexes) is signed. Annex 2 gives insight in all existing production factories operating for the order placed by B32 Groep, both subcontracted production factories and owned production factories for main activities such as sewing, knitting, washing, printing.

Transparency in production locations

Supplier will notify B32 Groep of the location of all business premises used for the manufacture of goods for B32 Groep. Supplier guarantees that the manufacture of goods for B32 Groep is carried out exclusively at the locations indicated (see Annex 2). This includes own production locations, but also subcontractors and sub-suppliers for dyeing, washing, ironing, printing, embroidering and packing. It is not allowed to produce B32 Groep products in unauthorized production locations.

² Impacts on matters covered by the OECD Guidelines which include adverse impacts related to disclosure; human rights; employment and industrial relations; environment; combatting bribery, bribe solicitation and extortion; and consumer interests. The term 'harm' is used throughout this Guidance to refer to adverse impacts.

Free entrance to production locations

Supplier allows B32 Groep, or any appointed inspection team in its name, free entrance to the location of all business premises used for the manufacture of B32 Groep orders.

When a supplier wants to use a production factory that has not been mentioned in the supplier declaration, they are required to communicate this with B32 Groep before production is started. The responsible buyer or the CR team of B32 Groep will then need to give approval to use this location for B32 Groep's products before the supplier can start production.

Bangladesh Accord

Supplier declares and guarantees that supplier signed the Bangladesh Accord in case goods delivered to B32 Groep are being produced in Bangladesh.

Product conformity

Supplier declares and guarantees that all goods delivered to B32 Groep are in agreement with B32 Groep Regulations for Physical Performance and the B32 Groep Regulations for Chemical performance, as can be found at <http://echa.europa.eu/regulations/reach> and in agreement with the EU Child-Safety regulations NEN-norm EN 14682:2014 as can be found at <https://www.nen.nl/NEN-Shop/Norm/NENEN-146822014-en.htm>

Supplier should be able upon request of B32 Groep at any time after an order has been placed to hand over a test report to prove full compliance and observance to the requirements. Tests have to be performed by recommended testing agencies.

Deliveries of merchandise containing banned or limited chemicals will result in making Supplier liable for cause. B32 Groep reserves the right to claim compensation from Supplier in case cost arise as a result from non-observance of the B32 Groep Regulations for the use of Chemicals.

Social Compliancy

The Responsible Business Conduct aims to attain compliance with certain standards. Supplier companies, in addition, must ensure that the Responsible Business Conduct is also observed by subcontractors involved in production processes of final manufacturing stages. Within the scope of options for action and appropriate measures, supplier companies have to aim at the implementation and reporting of the following criteria in a development approach. B32 Groep declares that we will not, in any case, work directly with subcontractors. We ask for transparency to know where our products are made and to be able to ask questions regarding social and environmental conditions.

We work together with Amfori Business Social Compliance Initiative (BSCI) on our Social Compliance themes. BSCI is an initiative of the Foreign Trade Association (FTA). BSCI 2.0 is a comprehensive system that provides us all the tools, resources and processes we need to address the labour issues in our supply chain.

We require that for all our suppliers a BSCI audit (cycle) is valid for future planned production. If no BSCI audit has been done yet, a new BSCI audit needs to be performed before B32 Groep production can start. The BSCI audit should be scheduled before order placement. Note that an audit is done at a production factory, not at a supplier. Suppliers exist that have production factories with and production factories without a valid BSCI cycle. B32 Groep will have close contact with suppliers to make sure the audit will take place and will work together with the supplier to reach a better performance.

Discrimination and gender

ILO Conventions 100, 111, 143, 158, 159, 169 and 183.

No discrimination shall be tolerated in hiring, remuneration, access to training, promotion, termination or retirement based on gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in workers' organisations including unions, political affiliation or opinions, sexual orientation, family responsibilities, marital status, or any other condition that could give rise to discrimination.

Child labor

ILO Conventions 10, 79, 138, 142 and 182 and Recommendation 146.

There shall be no use of child labour. "The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years." "There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. Young workers [in the age of 15-18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals." Children and young persons under 18 shall not be employed at night or in hazardous conditions.

Where young workers are employed, business partners should ensure that the kind of work is not likely to be harmful to their health or development; their working hours do not prejudice their attendance at school, their participation in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programs.

Business partners shall set the necessary mechanisms to prevent, identify and mitigate harm to young workers; with special attention to the access young workers shall have to effective grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes.

Forced labor

ILO Conventions 29 and 105.

There shall be no use of forced, including bonded or prison, labour. All forms of forced labour, such as lodging deposits or the retention of identity documents from personnel upon commencing employment, are forbidden as is prisoner labour that violates basic human rights.

Working Hours

ILO Conventions 1 and 14 and ILO Recommendation 116.

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

Legally binding employment relationship

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programmes.

Freedom of association

ILO Conventions 11, 87, 98, 135 and 154

The right of all workers to form and join trade unions and bargain collectively shall be recognised. The company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions.

Living wage

ILO Conventions 26 and 131

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from

wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.

Safe and healthy workplace

ILO Convention 155

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible. Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.

Grievance mechanism for workers

B32 will use the grievance mechanism of Amfori BSCI for workers in the production locations. Amfori BSCI offers a platform for individuals and organizations to make a complaint if they feel that they have been negatively influenced by factory activities. This platform is online and free to use for every individual and organization. For more information and to submit a grievance please see link below:

<https://www.amfori.org/content/amfori-external-grievance-mechanism>

Environmental Responsibility

Suppliers should assess significant environmental impact of operations, and establish effective policies and procedures that reflect their environmental responsibility. They will see to implement adequate measures to prevent or minimise adverse effects on the community, natural resources and the overall environment. B32 Groep asks suppliers to have procedures and standards for the handling and disposal of chemicals and other dangerous materials, waste management, emissions and effluent treatment. The procedures and standards must meet at least the minimum legal requirements.

Raw materials

B32 Groep wants to use the most sustainable version of fabrics within reach in regards to fabric specifications, costing and availability. We ask our suppliers to offer us all options when a sourcing request has been done or a fabric quality has been selected. Also when B32 Groep refers to a fabric that has been used for previous productions we would like to see all options that are more sustainable. With offering these options, at the same time, the MOQ (minimum order quantity), price and lead time should be mentioned. Then the responsible buyer can decide which fabric option will be approved for production.

Valid raw material certifications

Hereunder listed standards and certifications, related to sustainable raw materials like organic cotton, aim to reduce the impact during cultivation and processing of textile fibres. The standards and certifications cover the fibre production phase that has impact on water, chemical and energy use and labour conditions. They do not cover the finishing substances used, e.g. dyes that are included in the processing standards.

We ask our suppliers to use one of the following or similar standards and to provide us with a copy of the certificates.

Organic (natural materials)

Certified organic materials are produced in accordance with specific country-level or international organic agricultural standards, integrating ecological processes, and avoiding the use of toxic and persistent synthetic pesticides and fertilizers as well as genetically modified (GMO) seeds. To maintain certification throughout processing to final product, the organic cotton must be kept separate from non-certified cotton and be traceable from the farm to the finished product.

The EU regulation 834-2007 is developed for organic farming within and beyond the European Union. It can be applied if 95% or more of the content of a product is derived from organic agricultural ingredients.

BCI (Better Cotton Initiative) → Social accountability included

'BCI is a multi-stakeholder initiative that works to bring together cotton's complex supply chain, from farmers to retailers, to improve cotton growing conditions globally. BCI has over 850 member organisations representing cotton producers, civil society, suppliers and manufacturers, retailers and brands whose membership fees help to support farmer capacity building. BCI aims to establish Better Cotton as a mainstream sustainable commodity, accounting for 30% of global cotton production by 2020. To learn more, visit www.bettercotton.org

Cotton in Conversion

This type of cotton is grown by farmers that are switching from growing conventional cotton to growing organic cotton; they are 'in conversion'. This means that the cotton itself is organic, but the soil is not totally clean yet. That's why it cannot be labelled as organic as yet; there is a 3-year period under the NOP standard, and a 2-year period under the EEC 2092 directive. Labelling for in conversion cotton is only allowed in the EU. When buying cotton in conversion, you support the organic grown production.

CmiA (Cotton made in Africa) → Social accountability included

CmiA is a strategic alliance of partners from trade and industry, the public sector and NGOs which contribute to the fight against poverty and environmental degradation in Africa by activating market forces for sustainable cotton. CmiA wants to help local smallholder cotton farmers and their families to raise their own standard of living by building up an alliance of international brands and retailers who use the sustainable African cotton for their products and pay a licensing fee back to CmiA. The licence earnings are reinvested in the African project regions to help smallholder farmers help themselves through trade and to improve the social, ecological and economic living conditions of smallholder cotton producers and their families. To learn more, visit:

<http://www.cottonmadeinafrica.org>

Fair Trade → Social accountability included

Fairtrade's goal is to approach to the entire value supply chain for e.g. textiles to address the challenges in the textile industry. This comprehensive approach engages producers and workers in the chain to bring about better wages and working conditions, and engages brands to commit to fair terms of trade. Fairtrade standards include environmental criteria, which generally require farmers to work toward best environmental practices, through the use of "Integrated Crop Management" systems, which seek to minimize the use of agrochemicals, and prohibit the use of the most hazardous pesticides. Nonetheless the use of pesticides and synthetic fertilizers is still allowed, as many poor farmers, without strong support to learn organic methods, would not be able to join the scheme if chemicals were completely prohibited, and therefore as a result, Fairtrade certified cotton is not necessarily organic. The Fairtrade mark on cotton guarantees that the fibre was grown in the developing world, in a country such as India or Africa, where it had the greatest positive impacts on the producers involved. To learn more, visit: <http://www.fairtrade.org.uk>

GRS (Global Recycle Standard)

The Global Recycle Standard (GRS) is a full product standard that incorporates recycled material verification, chain of custody verification through the requirements of the Content Claim Standard, and processing requirements. The standard includes social and environmental responsibility criteria, as well as chemical management. The website of GRS provides a list of GRS certified products. To learn more, visit: <http://globalrecycled.org>

Plastic products and packaging: recycling & biodegradable options

Since plastic is non-biodegradable, recycling it is a part of global efforts to reduce plastic in the waste stream, especially the approximately eight million metric tonnes of waste plastic that enter the earth's ocean every year. Soft Plastics are also recycled such as polyethylene film and bags. We ask our suppliers to use preferred plastics for our products and packaging like recycled plastics and biodegradable plastics (see GRS certification) of e.g. PLA (corn sugars).

Water, energy and chemicals

Water

Throughout the production of textiles most water is used for cotton cultivation (2/3 or more of the total volume). Consumers use a lot of water to wash their clothes (up to 1/3). Textile processing uses far less water but causes most water pollution. This puts great pressure on the availability and the quality of water in areas where cultivation and processing takes place.

This means that the choice for a cotton fibre highly dominates the total water footprint of a piece of garment. It also means that a significant part of the water footprint can only be influenced by the consumer in the use phase. Water use and waste water in the wet processing also deserves serious attention, because of the local pollution impact.

We ask our suppliers to deliver a (waste) water policy if available and/or a copy of one of the standards named below (sometimes water policies are included).

Chemicals

Chemicals are used everywhere in the production of goods. Apart from the pesticides and fertilizers in the natural fibre production, the 'big' issue, mainly in the textile chain, is the use of chemicals in bleaching, dyeing, printing and finishing. Important to realize is that decisions on colour, prints, shine, feel and performance (like shrink-free, fire resistant, easy iron etc.) have impacts on chemicals to be used. Thus, the base of the use of chemicals use lies in the design choices. From there it is important which specific chemicals are used and how they are used in the processing. The processing stages usually are 'hidden' behind the first tier manufacturer or buying agent, and the use of harmful chemicals during these stages could be harmful for the workers and may leave traces in the final product and thus appear to the consumer.

Restricted Substances List (RSL)

The restricted substances list (RSL) in the annex is intended to inform our suppliers on international (upcoming) regulations restricting or banning the use of chemicals in apparel products including accessories attached to garments for example zip fasteners, buttons, etc. and packaging materials. The RSL takes most of the world's regulations into account (incl. REACH, POP), as well as harmful chemicals listed by NGO's.

We ask our suppliers to purchase materials without harmful substances. Please inform your fabric or yarn supplier about the RSL and risk matrix where chemicals are related to certain raw materials and processing steps.

We ask our suppliers to follow legal requirements (in red) as well as the orange and green marked restrictions from the Restricted Substances List (RSL) made by MODINT, the Dutch trade association for fashion and textiles. We ask our suppliers to deliver test reports of high risk chemicals.

Valid Processing standards

A valid health OEKO-TEX® Standard 100 product certificate is required for B32 Groep's products which covers most of legal requirements of this RSL. But B32 Groep prefers a valid processing certificate of one of the following standards: GOTS, Blue Sign or Step (or similar). These standards make sure that that no harmful chemicals are used in processing. We ask our suppliers to use one of the following or similar standards when possible and to provide us with a copy of the certificate.

GOTS (Global Organic Textile Standard): Processing certificate → Social accountability included

The standard covers the processing, manufacturing, packaging, labelling, trading and distribution of all textiles made from at least 70% certified organic natural fibres. The GOTS standard also includes requirements for the other steps in the supply chain, like the wet processing phase. GOTS is the worldwide leading textile processing standard for organic fibres, including ecological and social criteria, backed up by independent certification of the entire textile supply chain. On working conditions general provisions are required according the prevailing knowledge of the industry and of any specific hazards.

STeP by OEKO-TEX® (Sustainable Textile Production) → Social accountability included

STeP is a certification system for brands, retail companies and manufacturers from the textile chain who want to communicate their achievements regarding sustainable production to the public in a

transparent, credible and clear manner. Certification is possible for production facilities of all processing stages from fibre production to finishing facilities and manufacturers of ready-made textile items. The objective of STeP certification is the permanent implementation of environmentally friendly production processes, optimum health and safety and socially acceptable working conditions. To learn more, visit: www.oeko-tex.com/step

Bluesign®

The Bluesign® system focuses on resources, people and the environment. With its holistic approach based on Input Stream Management, the Bluesign® system reduces the impact on people and on the environment, ensures responsible use of resources and guarantees the highest level of consumer safety. The most stringent criteria and monitoring of on-site implementation encourage companies along the entire textile value chain to improve their sustainability performance. To learn more, visit: <http://www.bluesign.com>

Animal welfare

Animal welfare is important to B32 Groep and a component of a sustainable supply chain. We wish to contribute to improving animal welfare practices in our industry by setting strict requirements to ourselves as well as to our suppliers.

Our suppliers may only source animal derived material for which animal welfare is respected on farm, during transport and in slaughterhouses.

When considering animal welfare, we refer to the Dutch Animals Act, EU Directive 98/58/EC and the Terrestrial Code and Aquatic Code of the World Organization For Animal Health (OIE). The Dutch Animals Act (section 1.3) states that the intrinsic value of animals must be recognized and that animals must be treated with respect. Animals must at least be:

1. Free from thirst, hunger and incorrect feeding: ready access to fresh water and a diet.
2. Free from physical and thermal discomfort: providing shelter and a comfortable resting area.
3. Free from pain, injury or disease: prevention or rapid diagnosis and treatment.
4. Free from fear and chronic stress: ensuring conditions and treatment which avoid mental suffering.
5. Free to express their natural behavior: providing sufficient space, proper facilities and company of the animal's own kind.

We would like to distance ourselves in advance from some animal welfare issues in the apparel industry. We believe that the use of some animal derived material is not acceptable in all cases and some with restrictions.

Exclusions

We exclude the following animal derived materials. We will never use these materials in our products, and will never instruct our suppliers to do so.

Fur

Both farmed fur and fur as a by-product (E.g. fox, mink, raccoon, rabbit). We signed the 'Bontvrijverklaring voor bedrijven' issued by the 'Bont voor dieren' that we will not sell, use, order or market products containing real fur. When using fake fur, we will ask a guarantee of our supplier.

Angora hair

Hair of the Angora rabbit, farmed mainly in China by plucking or sheering. Angora hair has a high risk of being live-plucked from the angora rabbits.

Exotic and wild caught animal leather

Leather made from wild caught animals and exotic animals, including but not limited to: Snakes, Lizards, Alligators, Crocodiles. Exotic and wild caught animal leather has a high risk in being illegally harvested and traded.

Restrictions

We will use the following animal derived material in our products, to a certain extent, with the following restrictions.

Down and feathers

We only accept down and feathers that are a by-product of the meat industry and coming from farms with good husbandry. We do not accept live-plucking, live-boiling, force feeding (e.g. use of foie grass), bill trimming & debeaking of ducks and geese.

Wool/Hair (Incl. Merino, Alpaca, Mohair, Cashmere)

We only accept wool and hair products that are coming from farms with good husbandry. We only accept products containing merino wool from non-mulesing sheep. Merino wool is mainly farmed in Australia, South Africa and New Zealand. Our suppliers must in all time deliver a National Wool Declaration (Australia) or a certificate of origin (South Africa and New Zealand) and a traceability certification up to the spinner.

Leather/Suede/Lammy (E.g. From cow, pig, lamb, kalb)

We only accept leather and skin products that are a by-product of the meat industry and are coming from farms with good husbandry. We do not accept leather obtained from live-skinning or live-boiling.

Management System, Monitoring and verification

The supplier company shall define and implement a policy for social accountability, a management system to ensure that the requirements of the Responsible Business Conduct, Environmental and Human Health criteria can be met as well as establish and follow an anti-corruption policy in all of their business activities.

Management is responsible for the correct implementation and continuous improvement by taking corrective measures and periodical review of the Responsible Business Conduct, as well as the communication of the requirements of the Responsible Business Conduct to all employees and subcontractors. It shall also address employees' concerns of non-compliance with this Responsible Business Conduct.

Please sign to confirm your agreement and understanding of the above mentioned points. If we have not received a signed version back, Supplier cannot be approved and add to our systems, thus consequently ordering is not possible.

Date:

Name of company:

Signature:

Company Stamp/Seal:

Name:

Address:

Email address:

This Responsible Business Conduct for suppliers / producers has to be signed by a duly authorised representative of Supplier / producer and returned by email together with all 4 Annexes to csr@b32groep.nl and the responsible buyer.