

# Code of Conduct

V2.0, AUGUST 2019

IVY & OAK

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# Introduction

IVY & OAK believes in social responsibility, environmental protection, ethical business conduct and fair cooperation as the guiding principles of all that we do. This Code of Conduct reaffirms IVY & OAK's commitment to internationally recognised standards on human rights, labour rights, environmental protection and anti-corruption, and defines the minimum standards of responsible business behaviour which must be met by IVY & OAK's business partners.

This Code of Conduct is applicable to all company employees as well as business partners, including agents, suppliers, manufacturers, factories as well as their subcontractors and any other business partners, who take part in the purchasing, manufacturing and finishing processes for IVY & OAK. Business partners must ensure that their subcontractors and sub-suppliers comply with this standard. The requirements of this Code of Conduct extend to all business partners' employees and workers, regardless of their status. It therefore also applies to workers who may be engaged informally, on short-term contracts, or on a part-time basis.

The principles put forward in this Code of Conduct are consistent with the United Nations (UN) Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Convention on the Rights of the Child, the Business Social Compliance Initiative (BSCI), the conventions of the International Labour Organization (ILO) and the 10 principles of the UN Global Compact.

IVY & OAK adheres to the content of this Code of Conduct and expects the same of its business partners. IVY & OAK believes in continuous improvement, open and honest relationships and cooperation with its business partners. IVY & OAK is therefore committed to working closely with its business partners and to support them to ensure that sustainable social and environmental standards are met in the factories that manufacture IVY & OAK's products.

All business carried out with or on behalf of IVY & OAK must always be conducted in accordance with applicable laws and regulations and the standards set forth in this Code of Conduct. As a business partner of IVY & OAK, you should read and comprehend the content of this Code of Conduct and comply with it in all business with IVY & OAK. Please also refer to the compliance statement on page 15.

IVY & OAK is aware that the company's actions and procurement practices can influence business partners' ability to comply with the requirements in this Code of Conduct. Therefore IVY & OAK will routinely assess any adverse impacts it may cause or contribute to through its purchasing, compliance and other supply chain practices. In addition, IVY & OAK shall periodically review the adequacy and continuing effectiveness of this Code of Conduct.

# I Legal Compliance

All business partners must comply with all applicable laws and regulations, industry minimum standards, ILO and UN Conventions, and any other relevant statutory requirements, whichever requirements are higher or more stringent, in all of their business operations.

The provisions of this Code of Conduct constitute only minimum standards. Should national regulations or any other applicable law or any other commitment undertaken or applicable, including collective bargaining agreements, govern the same issue, the provision which offers greater protection for workers shall apply.

Should any requirement in this Code of Conduct conflict with the national law in any country or territory, the law must always be followed. In such cases the supplier must notify IVY & OAK immediately. Conflicts between the provisions of this Code of Conduct and national laws or other applicable standards shall then be evaluated by IVY & OAK in cooperation with its business partner and relevant stakeholders in order to establish the most appropriate course of action that will help to foster respect for the international principles outlined above.

# II No Forced Labour

IVY & OAK does not allow any form of forced, compulsory or involuntary labour in its operations and supply chain. Accordingly, business partners must not use any forced labour whether in the form of prison labour, slave labour, indentured labour, bonded labour, trafficked labour or in general any labour that violates basic human rights.

No employee may be compelled to work through force or intimidation of any form, or as a means of political coercion or as a punishment for holding or expressing political views.

Business partners may not require their employees to make any kind of "deposits", nor are they entitled to retain employees' identity documents. Furthermore, business partners shall acknowledge the right of their employees to choose employment freely and to leave their employer after reasonable notice.

IVY & OAK expects their business partners to include these as part of their own corporate governance model which is in turn applicable to subcontractors.

Special note on cotton: In Uzbekistan and Turkmenistan adults and children are organized and forced by the government to harvest cotton, violating human and civil rights. IVY & OAK has a clear policy prohibiting forced and child labour. Therefore, IVY & OAK prohibits the use of cotton sourced from Uzbekistan and Turkmenistan and textiles produced using cotton from these countries. IVY & OAK's business partners, including sub-suppliers and subcontractors need to respect the fact that we do not want Uzbek cotton in our products. In case you see Uzbek cotton used for our products, it is your responsibility to immediately notify us.

Business partners are expected to follow ILO Conventions 29 and 105.

## III No Child Labour

IVY & OAK does not tolerate child labour in its own operations and that of its suppliers throughout the entire supply chain including at raw materials. Business partners are prohibited from employing children under the age of 15 years. In case a higher minimum employment age is stipulated by local legislation, the higher limit shall apply to the business partner.

All legal limitations on the employment of persons below the age of 18 years must be followed. Persons between the ages of 15 and 18 years are considered young workers and their rights must be protected. Young workers must not be exposed to dangerous, unsafe or hazardous conditions and shall not work during night hours. They shall be protected from economic exploitation, from any working conditions that interfere with their education and from any work that is likely to be harmful to their health, physical, mental, spiritual, moral or social development.

Special note on the Sumangali procedure: The Sumangali procedure is a method that forces young girls and women to work, for example in spinning

companies. This procedure is especially common in India. Young girls and women are promised a bonus after a 3 year commitment. During this time they get paid a very low salary, often undergo physical harassment and are not allowed to leave the factory site. This procedure violates their human rights and is considered to be slavery. Therefore, this practice is forbidden to any business partner, their suppliers and their subcontractors who produce IVY & OAK goods or are involved in the manufacturing process at any point.

IVY & OAK expects their business partners to include these as part of their own corporate governance model which is in turn applicable to subcontractors.

Business partners are expected to follow ILO Conventions 5, 6, 10, 59, 138, and 182, and ILO Recommendations 146 and 190.

## IV Respect for Freedom of Association & the Right to Collective Bargaining

IVY & OAK and its business partners must respect the right of all workers, without distinction, to join or form trade unions of their own choosing and to bargain collectively. Workers have the right to join or work for associations or organizations protecting employee interests.

Business partners are expected to adopt an open and collaborative attitude towards the activities of trade unions. The business partner shall implement

mechanisms for resolving disputes and must ensure communication with employees and their representatives.

Communication and engagement between workers and management regarding working conditions shall be permitted without fear of harassment, intimidation, penalty, interference, reprisal or other disciplinary or discriminatory actions.

Worker representatives shall be protected from any type of discrimination and shall be free to carry out their representative functions at the workplace. No retaliation whatsoever shall arise from the exercise of representative functions and no remuneration or payment whatsoever may be offered to the employees in order to hinder the exercise of such a right.

Where the right to freedom of association and collective bargaining is restricted under the law, business partners must facilitate, and shall not

hinder, the development of parallel channels for independent and free association and bargaining.

Business partners are expected to follow ILO Conventions 11, 87, 98, 135 and 154, and ILO Recommendation 143.

## V No Discrimination

Any discrimination in hiring and employment practices based on race, colour, national origin, ethnicity, gender, religion, age, health condition, disability, sexual orientation, union membership, political opinion, pregnancy, or marital status is strictly prohibited.

Decisions about hiring, salary, benefits, access to training, promotion, work assignments, discipline and termination must be based on the ability to perform the job and not on the basis of personal characteristics or beliefs.

IVY & OAK has a strict zero-tolerance policy on sexual and gender-based violence expects business partners to likewise adopt a policy on sexual harassment and sexual and gender-based violence.

Where relevant, business partners must additionally implement effective measures to protect migrant workers against any form of discrimination and provide appropriate support services. Migrant workers shall have exactly the same entitlements as local employees. Any commissions and other fees in connection with employment of migrant workers must be covered by the employer. The employer must not require the employee to submit his/her identification documents. Deposits are not allowed.

Workers employed through an agent or contractor are the responsibility of IVY & OAK's business partner and are thus covered by this Code of Conduct.

Where relevant, business partners must ensure the equal treatment between homeworkers and other wage earners, particularly in relation to freedom of association, protection against discrimination, occupational safety and health, remuneration, social security, access to training, minimum age for admission to work and maternity protection. Effective measures to protect homeworkers against any form of discrimination should be set up. Homeworkers are a particularly vulnerable category of workers on account of their often informal status and lack of legal protection, their isolation and their weak bargaining position.

Business partners are expected to follow ILO Conventions 100, 111, 143, 156, 157, 158, 159, 169, 177, 183 and 190.

## VI Wages & Benefits

The payment of salaries, wages, overtime payments as well as other benefits must at a minimum be equal to the minimum wage required by law, or meet the prevailing industry standard, or the wage negotiated in a collective agreement, whichever is higher. Wages should always be enough to meet basic needs and to provide some discretionary income.

Wages and any other allowances or benefits must be paid regularly, on time and in the manner that best suits the worker.

Employees must be compensated for overtime at the rate legally required, and shall be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.

All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages every time that these are paid.

Withholdings or deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the express

permission of the worker concerned. All disciplinary measures should be recorded.

Wages are essential for meeting the basic needs of employees and their families along with reasonable savings and expenditure. Therefore, IVY & OAK seeks business partners who work towards living wages and progressively raise employee living standards through improved wage systems, benefits, welfare programmes and other services, which enhance the quality of life.

The employees shall be granted and correctly compensated for any types of paid leave to which they are legally entitled. Examples of such leave include annual leave, maternity and parental leave and sick leave.

Business partners are expected to follow ILO Conventions 12, 26, 52, 95, 101, 102 and 131.

## VII Working Hours

Business partners must comply with applicable legal requirements, industry standards or the collective bargaining agreement, concerning the working hours, whichever standard is more mandatory.

Standard working hours, excluding overtime, must not exceed the legal limit and shall not exceed 48 hours per week. The ILO recommends the progressive reduction of standard hours of work, when appropriate, to 40 hours per week, without any reduction in workers' wages.

Overtime work must always be voluntary. Overtime shall be used responsibly, taking into account all of the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. Overtime shall not be demanded on a regular basis and shall not be used to replace regular employment. Overtime hours must not exceed the numbers allowed by the law of the country. If such limits do not exist, overtime work should not exceed 12 hours per week. So the total hours worked, including overtime, in any 7 day period shall not

exceed 60 hours. Employees are entitled to at least one day rest in every 7 day period.

Overtime must be compensated in accordance with national regulations and shall be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay. Piece-rate work should not be exempted from the right to overtime compensation.

Workers must receive paid annual leave of a specified minimum length, in line with national legislation. According to the ILO paid annual leave should not

be less than three working weeks for one year of service. Public and customary holidays, whether or not they fall during the annual holiday, shall not be counted as part of the minimum annual holiday with pay.

Business partners are expected to follow ILO Conventions 1, 14, 132 and 171.

## VIII Health & Safety

Employee health and safety is a priority for IVY & OAK at all times. Business partners must provide a safe and hygienic working environment, following all relevant legislation and regulations in the country in which they operate to ensure a safe and healthy workplace, bearing in mind the prevailing knowledge of the textile industry and of any specific hazards.

A safe and healthy working environment includes at a minimum safe buildings, clean premises, adequate conditions of light, adequate levels of temperature, ventilation and air circulation, adequate levels of noise, ergonomic considerations of work environments, no hazardous equipment, access to protective equipment, clean toilets and access to drinking water as well as protection from fire (emergency exits, first aid equipment), accidents and toxic substances. If appropriate, sanitary facilities for food storage shall also be provided.

Steps must be taken in order to prevent accidents and injuries and procedures must be established and clearly communicated to employees. Information must be available in the primary language of the workers. Workers and everyone working on the premises, including managers and guards, shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.

Workers must be regularly trained in how to act in case of fire or other emergencies. Regular evacuation drills for all employees are required; evacuation plans and firefighting equipment must be in place. Emergency exits on all floors must be clearly marked, well-lit and unblocked all the way out of the building. Evacuation through emergency exits must always be possible during working hours. Relevant first aid equipment must be available.

Business partners should anticipate, identify, and evaluate emergency situations and minimize their impact by executing emergency plans.

These standards shall also apply for residential facilities. Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers. The dormitory must be separated from the workplace and have a separate entrance. Employees should have free access to the dormitory.

The business partner shall assign responsibility for health and safety to a management representative.

Business partners are expected to follow ILO Conventions 155, 184 and ILO Recommendation 164.



## IX Regular Employment & Social Security

All employees are entitled to a written employment contract, in the local language, stipulating the employment terms and conditions. Business partners have a responsibility to ensure that all employees are aware of their legal rights and obligations and that workers' rights to social security and protection under applicable labour and social security laws are respected. Minimum social benefits as defined by national laws have to be respected and business partners shall strive to progressively raise employee living and wellbeing standards through improved social security and protection instruments.

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, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is

no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

Business partners are expected to follow ILO Conventions 102 and 183.

## X No Harsh or Inhumane Treatment

Business partners shall treat every employee with respect and dignity, and foster an environment at work free from harassment, bullying and violence.

Under no circumstances shall physical punishment, the threat of physical abuse, sexual harassment, racial harassment, verbal abuse, power abuse or any other form of harassment or intimidation be permitted. It is strictly prohibited to expose employees to physical, sexual, psychological, verbal or racial harassment, power abuse, humiliation, or to fines or penalties as a disciplinary measure.

Employees should be free to express their concerns about workplace conditions directly to factory management. Employees should be able to express any concerns without fear of retribution or of losing their jobs.

Business partners are expected to follow ILO Conventions 29, 105 and 190.

## XI Traceability, subcontracting & sub-suppliers

Business partners shall not assign any work to third parties without the prior written authorization of IVY & OAK. Those who outsource any work shall be responsible for the enforcement of the Code of Conduct by these third parties and their employees. Likewise, business partners shall apply the principles of this Code of Conduct to any homemaker involved in their supply chain and shall give transparency to the locations and working conditions of said homeworkers.

All business partners are obliged to keep IVY & OAK informed at all times of where each product is being produced, including subcontracting and homework. Relevant documentation must be maintained for auditing purposes.

Business partners are responsible to ensure that their sub-suppliers also have adequate processes to manage their adverse impacts on human rights including labour rights, the environment, and anti-corruption principles.

Business partners should require sub-suppliers to inform them about other business entities in the supply chain taking part in the production of each order and use their leverage to make sub-suppliers work towards meeting the requirements of this Code of Conduct. Business partners should undertake reasonable efforts to check that sub-suppliers operate in conformance with this Code of Conduct.

## XII Environmental Requirements

Environmental protection, climate change and water stress are key concerns for IVY & OAK. Business partners must strive to minimize the adverse environmental impacts of their activities, products and services through a proactive approach and responsible management of environmental aspects. Furthermore, business partners should strive for continuous improvements of their overall environmental performance.

Business partners must comply with all applicable laws and regulations and must have the relevant environmental permits and licences for their operations. Furthermore, business partners are expected to have an effective environmental management system in place, covering all significant impacts on the external environment. This should include: the responsible use of natural resources,

energy, water, the handling and disposal of hazardous substances, waste management and emissions to air.

Business partners should support a precautionary approach to environmental challenges, which involves the systematic application of risk assessments: hazard identification, risk management and risk communication.

Suppliers are expected to have chemicals management systems in place, including Manufacturing Restricted Substances List (MRSL), such as the Zero Discharge of Hazardous Chemicals (ZDHC) List and Restricted Substances Lists (RSL). Suppliers must comply with applicable prohibited chemicals lists (e.g. REACH). Chemical containers must be properly labelled and safely stored. Business partners must have an inventory of hazardous substances used in

their operations together with material safety data sheets (MSDS) available in the local language. The instructions in the MSDS must be followed. Safety procedures/controls should furthermore be in place for hazardous substances, thus minimizing potential contamination of air, fresh water, soil and groundwater.

Water should be used as efficiently as possible. All outgoing wastewater from wet processes must be treated before it is discharged. The treated wastewater quality must meet the requirements of local legislation at a minimum.

Any waste, and in particular hazardous waste, must be taken care of in a responsible manner and in accordance with local law.

Business partners should support activities that involve waste reduction and resource optimization from their operations. Business partners should protect the environment by using environmentally sound technologies that are less polluting and use all resources in an efficient way.

Business partners are expected to follow ILO Conventions 148 and 170.

## XIII No Corruption and Bribery

The adherence to the highest standard of ethical conduct and the respect of local laws are key to IVY & OAK. IVY & OAK has a zero tolerance policy on any form of corrupt practices, including but not limited to extortion, fraud, bribery and money laundering.

IVY & OAK's business partners must not carry out any actions involving bribes when acting in connection with IVY & OAK's business. The promising, offering, paying, soliciting, accepting or receiving of bribes or kick-backs, including facilitation payments, is strictly prohibited. A bribe may involve giving or offering ANY form of gift, financial consideration, reward, entertainment or other advantage to someone in business or government in order to obtain or retain a commercial advantage or to induce or reward the recipient for acting improperly or where it would be improper for the recipient to accept the benefit.

Bribery can also take place where the offer or giving of a bribe is made by or through a third party, e.g. an agent, representative or intermediary. This is also strictly prohibited.

Business partners must fully comply with all applicable national and international regulations and have anti-bribery and anti-corruption policies in place. If no such anti-bribery or corruption laws apply, or are of a lesser standard to that prescribed in the UK Bribery Act 2010, suppliers, representatives and their employees must adhere to the UK Bribery Act 2010.

Business partners should establish adequate processes to counter corrupt practices, in line with the United Nations Convention against Corruption.

<sup>1</sup>Facilitation payments are small payments or fees requested by government officials to speed up or facilitate the performance of routine government action (such as the provision of a visa or customs clearance).

## XIV Confidential Information

Business partners shall preserve the integrity and confidentiality of the information they may receive as a consequence of their commercial relationship with IVY & OAK. The obligation of confidentiality

will remain once the relation with IVY & OAK is terminated and it will include the obligation to return any material related to the company held by the business partner.

## XV Management Systems

In order to implement, comply with and monitor the principles set forth in this Code of Conduct the business partner shall introduce a management system, which should include a clear policy, clear responsibilities, due diligence processes and other relevant measures as well as adequate documentation.

One or more management representatives should have the overall responsibility and authority to ensure compliance with this Code of Conduct.

Policies shall be approved by management, stipulate expectations on human rights including labour rights, environmental, and anti-corruption principles towards personnel, business partners and other parties directly linked to the business partner's operations, products or services, be communicated at least internally and be reflected in other operational policies and procedures.

Due diligence processes should cover potential and actual adverse impacts that business partners may cause or contribute to through their own activities as well as adverse impacts, which may be directly linked to suppliers' operations, products or services by their business relationships. They include identification of potential and actual adverse impacts, prevention and mitigation of these, accounting for how potential and actual adverse impacts are addressed, and establishing grievance mechanisms and remediation for those affected by any occurred incidents.

A grievance mechanism should have the following characteristics:

- Legitimate: It should enable trust and be accountable for fair conduct;
- Accessible: It should be known to all intended users and provide adequate assistance for those who may face particular barriers to access;
- Predictable: It should provide a clear and known timeframe, clarity on the types of process and outcome available, as well as means of monitoring implementation;
- Equitable: It should provide reasonable access to sources of information, advice and expertise necessary to engage in the process on fair, informed and respectful terms;
- Transparent: It should keep parties informed about progress, and provide sufficient information about its performance to build confidence in its effectiveness;
- Rights-compatible: It should ensure that outcomes and remedies are in line with internationally recognised human rights including labour rights, environmental, and anti-corruption principles;
- A source of continuous learning: It should draw on relevant measures to identify lessons for improving the mechanism and prevent future adverse impacts; and
- Based on engagement and dialogue: It should consult the persons for whose use it is intended on its design and performance, and focus on dialogue as the means to address and resolve adverse impacts.

# XVI Compliance & Monitoring

This Code of Conduct is the essential working standard of IVY & OAK. IVY & OAK reserves the right to appoint an independent third party to conduct audits in order to evaluate compliance with this Code of Conduct. IVY & OAK also reserves the right to make unannounced visits to all units producing goods or services for it, at any time.

IVY & OAK expects business partners at any time to be able to declare in writing the stage of implementation in relation to the requirements contained in this Code of Conduct. business partners are expected at any point to willingly cooperate in answering further questions, self-assessments and if deemed necessary cooperate with IVY & OAK in improving systems to manage adverse impacts on human rights including labour rights, environmental, and anti-corruption principles.

Where instances of non-compliance are detected, business partners will usually be given the opportunity to propose and implement a corrective action plan and set a fixed period of time to self-correct the deficiency. In the event of failure to self-correct a problem, IVY & OAK is willing to engage in a constructive dialogue with business partners to develop and implement action plans, with appropriate time scales for implementation and improvements to be achieved.

Agreement to abide by action plans allows for continuation of a business relationship, as long as IVY & OAK finds that business partners are implementing the plan in good faith.

In general, in case of any violation of the requirements of this Code of Conduct, IVY & OAK reserves the right to terminate the business relationships with immediate effect and possibly cancel any order or ordered goods in the production or logistic delivery procedure which will be claimed with the full purchase price inclusive all additional accruing costs.

However, the aim of this Code of Conduct is not to cease the business relationship between IVY & OAK and business partners if non-compliance were to be identified, but to help business partners improve their management of adverse impacts continuously. As such, IVY & OAK is committed to work with business partners to achieve compliance with the provisions of this Code of Conduct and remedy any violations through the implementation of an agreed corrective action plan. Unwillingness to cooperate or repeated serious violations of this Code of Conduct and local law may lead to reduced business or termination of the business relationship.

# Compliance Statement

You should read and comprehend the content in this Code of Conduct and commit to comply with the policies and procedures mentioned. You have the responsibility to inform all your employees, involved in the production of IVY & OAK goods, about the content to secure their compliance.

In addition, you also have the responsibility to inform all related subsidiary and subcontractors about this Code of Conduct to secure their awareness and possibility to comply.

If you, your employees, subsidiary, subcontractors or any other representatives of your company have questions concerning the meaning or application of IVY & OAK's Code of Conduct or have anything related to report, please get in touch with your key contact point at IVY & OAK or [hello@ivy-oak.com](mailto:hello@ivy-oak.com). Your questions or reports will be maintained in confidence.

Please sign the compliance commitment below and return it to IVY & OAK, indicating that you have received, read, understood and agreed to comply with this Code of Conduct.

We hereby confirm that we have received, read and understood the content of IVY & OAK's Code of Conduct. In addition, we also take the responsibility to inform all related employees, subsidiaries and subcontractors about this Code of Conduct to secure their awareness and possibility to comply.

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Place and Date

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Name of Business Partner, Signature, Stamp

# Document History

Version 1.0 Code of Conduct – released May 2016

Version 2.0 Code of Conduct – revised August 2019

Last Revision: August 2019

# Responsibility

This Code of Conduct has been approved by the IVY & OAK Executive Management Team.

The revision of the Code of Conduct is under the responsibility of the CSR Manager.

IVY & OAK is committed to regularly review and update its policies and procedures. Therefore, this Code of Conduct can be subject to modification. IVY & OAK will inform whenever there is any major change or update to the Code of Conduct.