

**UNIVERSITY BLANKET & FLAG CORPORATION**  
**CODE OF CONDUCT**  
**REVISED JANUARY 1, 2014**

University Blanket and Flag Corporation (“UB&F”) was founded in 1978 and is committed to conducting its business in a socially-responsible and ethical manner in strict adherence to the laws of San Diego County, the State of California, and the United States of America. UB&F has developed and adopted the following Code of Conduct (the “Code”) to further strengthen our commitment of operating as a responsible business and improve responsible business practices in our supply chain.

We require our suppliers and subcontractors (collectively, the “Contractors”) to meet these high standards, and at a minimum, all Contractors must operate in compliance with all applicable laws, regulations, and treaties.

**OUR COMMITMENT TO PEOPLE**

**EMPLOYMENT RELATIONSHIP:** Contractors will adopt and adhere to rules and conditions of employment at respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws.

**NONDISCRIMINATION:** UB&F and its Contractors will only employ individuals solely on the basis of their ability to perform the job and will not discriminate against workers in subsequent personnel decisions. Specifically, no person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, marital status, reproductive or familial situation, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

The pregnancy of a worker cannot be used as a basis for disciplinary treatment or termination of employment. Moreover, UB&F and its Contractors will use their best efforts to reinstate workers who have taken maternity leave to the same or similar position at the same rate of pay and benefits. No worker or prospective worker can be subjected to involuntary use of contraceptives or pregnancy testing.

**HARRASSMENT OR ABUSE:** Every worker must be treated with respect and dignity. No worker can be subject to any physical, sexual, psychological or verbal harassment or abuse. UB&F and its Contractors will not use or tolerate any form of corporal punishment.

**FORCED LABOR:** UB&F and its Contractors will not use, or purchase materials that are produced using, any form of forced labor, whether in the form of prison labor, indentured labor, bonded labor, or other forced labor.

**CHILD LABOR:** UB&F and its Contractors will not employ any person at an age younger than 15. Where the age for completing compulsory education is higher than the standard for the minimum age of employment stated above, the higher age for completing compulsory education

applies to this section. UB&F will consult with governmental, human rights and nongovernmental organizations, and to take reasonable steps as evaluated by its licensors, the applicable collegiate institution(s) or their designee, and the applicable licensees to minimize the negative impact on children released from employment as a result of implementation or enforcement of UB&F's Code.

**FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING:** UB&F and its Contractors recognize and respect the right of workers to freedom of association and collective bargaining with bargaining representatives of their own choice. No worker may be subject to harassment, intimidation or retaliation as a result of his or her efforts to freely associate or bargain collectively. UB&F and its Contractors will allow union organizers access to workers and will recognize the union of the workers' choice.

**HEALTH, SAFETY, AND ENVIRONMENT:** UB&F and its Contractors will provide a safe and healthy workplace setting to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of UB&F's or Contractor's facilities. The workplace must, at a minimum, comply with local and national health and safety laws. UB&F and its Contractors must adopt measures to mitigate negative impacts that the workplace has on the environment. If a Contractor provides residential facilities for its workers, they must be safe and healthy facilities.

**HOURS OF WORK:** UB&F and its Contractors will comply with applicable laws and industry standards on working hours. UB&F and its Contractors will not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed.

Except in extraordinary circumstances, workers will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime per week, or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture; and (ii) be entitled to at least one day off, consisting of 24 consecutive hours of rest, in every seven-day period. All overtime work must be consensual and overtime cannot exceed 12 hours. Mandatory overtime must be limited to extraordinary and short-term business circumstances and the policy concerning mandatory overtime will be explained to workers before they are hired. All overtime will be remunerated at such a premium rate as is legally required in that country, but not less than at a rate equal to their regular hourly compensation rate.

**COMPENSATION:** Every worker has a right to compensation for a regular work week that is sufficient to meet the workers' basic needs and provide some discretionary income. UB&F and its Contractors will pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, UB&F and its Contractors will work with the Fair Labor Association to take appropriate actions that seek to progressively realize a level of compensation that does. Compensation standards will be adjusted periodically based on experience and increased knowledge concerning local labor markets and living conditions.

**OVERTIME COMPENSATION:** In addition to their compensation for regular hours of work, workers will be compensated for overtime hours at such a premium rate as is legally

required in that country manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular hourly compensation rate.

**WOMEN'S RIGHTS:** Women's rights are included in the previous sections of this Code. Without restricting the generality of the foregoing and for purposes of greater clarity and specificity, UB&F and its Contractors will abide by the following conditions: 1) Female workers have the same work opportunities as men, without arbitrary restriction on the types of jobs or special limits on hours of work; 2) UB&F and its Contractors will not use criteria related to marital or reproductive status (for example, pregnancy tests, the use of contraception, fertility status) as conditions of employment; 3) New mothers are entitled to leaves of absence (with the right to return to work) for childbirth and recovery from childbirth.

## **OUR COMMITMENT TO THE ENVIRONMENT**

UB&F and its Contractors will adopt responsible measures to mitigate the negative impact their operations have on the environment.

## **OUR COMMITMENT TO ETHICAL BUSINESS PRACTICES**

UB&F is committed to conducting business with honesty, integrity, trustworthiness, and respect for each human life. As such, UB&F strictly prohibits corruption, extortion, or embezzlement by its Contractors. Violations may result in immediate termination of business relationship.

## **MISCELLANEOUS MATTERS**

**SUBCONTRACTORS:** Contractors will not utilize subcontractors without prior written approval from UB&F.

**CUSTOMS COMPLIANCE:** UB&F and its Contractors will comply with all applicable customs laws.

**POSTING REQUIREMENTS:** Contractors must post this Code in a location accessible to all workers and in the language(s) spoken by more than ten percent of the worker population.

**ENFORCEMENT:** UB&F employs independent auditors to conduct on-site inspections of Contractors and to ensure compliance with this Code.