

BELLA+CANVAS®

Norm Hullinger
Bella+Canvas, LLC
9830 Wilshire Blvd.
Beverly Hills, CA 90212

Dear Customer,

Given recent news about Xinjiang cotton in our industry, I want to take this opportunity to remind our customers of BELLA+CANVAS's commitment to a complete prohibition on Xinjiang cotton and what we are doing to ensure that our company – from our oldest inventory to our forward-looking supply chain – is free from Xinjiang cotton.

Our position on Xinjiang has been clear for years: **“We certify that none of our cotton is sourced from China's Xinjiang Region, where there is evidence of the use of prison labor and situations of forced labor.”** <https://www.bellacanvas.com/corporate-responsibility> This isn't a reaction to Xinjiang being on everyone's mind. It has been part of corporate responsibility webpage going back to 2021, after the FLA banned its members from using Xinjiang cotton. <https://www.fairlabor.org/fla-statement-on-sourcing-from-china/>. And it is part of our long history of supporting ethical working conditions and ensuring that our workplace standards exceed those required by both the Fair Labor Association (FLA) and Worldwide Responsible Accredited Production (WRAP).

We make this certification because we source our fabric from mills that are primarily located in India and have made clear to those mills that they cannot use cotton from the Xinjiang region of China. A list of the mills we are using is set forth in Exhibit A to this letter.

I am sure that by now you have heard of isotope testing and its ability to determine the origin of cotton, including whether cotton originates from the Xinjiang region of China. When we learned about the ability to perform isotope testing last year, we had our products and fabric tested and confirmed that none of them had cotton that was from Xinjiang. One of our customers tested our products earlier this year and also did not find any instance of Xinjiang cotton in our products. Since then, we have put into place a new testing process (Exhibit B) that is now one of our standard operating procedures to ensure our supply chain is free of Xinjiang cotton. We are also separately testing our existing inventory, including products in inventory held by our distributors and customers, to ensure no Xinjiang cotton.

BELLA+CANVAS has always held itself accountable and we are also holding our supply chain partners accountable on this issue. We recently have asked each of our mills to sign a certification that they are not using any cotton from China. Period. We will be performing isotope testing to confirm, and non-compliance will result in stiff penalties as outlined in Exhibit C, which is a copy of the certification that has been sent to all of our suppliers.

For any customer who is still concerned, BELLA+CANVAS offers the following guarantee: If any of our products are shown to contain Xinjiang cotton, we will take them back in full, investigate the issue, and destroy any products confirmed to contain Xinjiang cotton. We will also replace the products at no cost and provide assurances (through third party testing) that the replacements do not contain Xinjiang cotton.

This is just the beginning and we look forward to sharing more information as it becomes available. In the meantime, please reach out to me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Norm Hullinger', with a long horizontal flourish extending to the right.

Norm Hullinger

Chief Operating Officer

Enclosures: Exhibits A-C

Exhibit A: Current List of Mills

BVM OVERSEAS LIMITED	LUCKY WEAVERS INDIA PVT LTD	SPIDER FASHIONS PRIVATE LTD
EVEREADY SPINNERS	NITIN SPINNERS LTD.	SUDHAN TRADING (P) LTD
GROSPINZ FABZ LTD	S.T COTTEX EXPORTS	SUDIVA SPINNERS PRIVATE LTD
JANGYOU INC	SAGAR MANUFACTURERS PVT LTD	SULOCHANA COTTON SPINNING
KIKANI EXPORTS PVT LTD	SALONA GROUP	MILL
KPR MILL LIMITED	SHOBIKAA IMPEX PRIVATE LIMITED	SUTLEJ TEXTILES AND INDUSTRIES
LOYAL TEXTILE MILLS LTD	SHRI SIDDHIVINAYAGA TEX IN LTD	TECHNOCRAFT INDUSTRIES


For details on other aspects of our supply chain, visit <https://www.bellacanvas.com/factory-sustainability>


Exhibit B: Standard Operating Procedure For Supply Chain Isotope Testing

STANDARD OPERATING PROCEDURE

ISOTOPE TESTING OF COTTON APPAREL PRODUCT IN SUPPLY CHAIN

APPROVALS

APPROVED BY:  _____ Date: 3-30-2023
Yahaira Kolbeck, Director of QA

APPROVED BY:  _____ Date: 3-30-2023
Norman Hullinger, COO

1.0 INTRODUCTION

1.1 Purpose

Proper testing of cotton fabric is mandatory to ensure that cotton from the Xinjiang region in China does not find its way into B+C product. U.S. law prohibits Xinjiang cotton, in any form, to be imported into the United States. Additionally, B+C's strict code of Ethical Manufacturing prohibits the use of any fiber produced via forced labor.

1.2 Scope

This document provides specific instructions for deploying random sampling and isotopic testing for B+C fabric. It outlines the approved testing companies/agencies, the frequency of testing, and the steps to be taken after results are cataloged.

1.3 Inventory Testing

This document does not address inventory testing, which is already in progress and will be addressed through a separate SOP.

2.0 RELATED MATERIALS

2.1 ORITAIN Contract

2.2 ADNAS Contract

2.3 AGROISOLAB contract

3.0 Procedures

3.1 Selecting Fabric Mills for testing/sample selection

3.1.1 The Company's C.O.O. will provide a list of Mills to the Director of QA.

3.1.2 The Director of QA will communicate the names of the selected Mill to the appropriate testing agency. For 2023, all Mills will be subject to the following testing procedure.

3.1.3 Per contractual agreement, testing agency will use an agreed upon "chain of custody" agency to travel to the Mill, on a random date within 10 days of notification (or another reasonable time as determined by the testing agency), and obtain samples. Approved "chain of custody" entities include Bureau Veritas and SGS.

3.1.4 The "chain of custody" entity will randomly select 40 samples from the rolls of greige coming off of the knitting line. The "chain of custody" entity will be instructed to pick colors and fabric styles randomly. Of the 40 samples collected, 20 will be tested.

3.1.5 The "chain of custody" entity must provide the random samples to the designated testing agency within 3 days of the sample being drawn.

3.1.6 Starting in 2024, the Company's Director of QA will use a random number generator to select 3 B+C greige producing Mills each quarter that will be subject to testing pursuant to the above procedures.

3.2 Isotope testing

3.2.1 The chosen testing company will test each sample within 10 days of receipt, or within the contractually agreed upon timeframe, from the "chain of custody" entity and email the results to the Director of QA and C.O.O. within 3 days of test completion.

3.2.2 The testing company's results will report on the determined origin of the cotton fiber used in the manufacturing of the tested greige – specifically testing for cotton fiber originating from the Xinjiang region of China.

3.3 Induction/Archival of Test Results

3.3.1 Upon receipt of each individual test result, the Director of QA will upload the results onto the "QA Cotton Fiber Origination Test Results" drive on the B+C Share Point system.

3.3.2 The results will be grouped/nested by testing date, and stored on the Share Point drive.

3.4 Test Result Downstream Procedures

3.4.1 If the test results indicate “not consistent with cotton fiber from the Xinjiang district,” or an equivalent result, no further action is necessary.

3.4.2 If the test results indicate “consistent with cotton fiber from the Xinjiang district,” or an equivalent result, the following steps must be taken:

3.4.2.1 Director of QA to notify C.O.O. immediately, via email.

3.4.2.2 Director of QA to notify Manager of Fabric Procurement immediately via email for the purpose of suspending purchases with the offending Mill. The Director of QA will instruct the testing agency to immediately perform another audit at the offending Mill.

3.4.2.3 The Production Manager will determine the production style/colors manufactured by the offending Mill that may have been implicated by the test results. The Director of QA will notify the V.P. of Sales via email so that the offending style/colors can be flagged in the system and suspended from sale pending further testing. Random sampling of the affected style/colors will commence immediately. These random samples will be drawn from all three Company warehouses: Las Vegas, Maryland, and the distribution center in Nicaragua.

3.4.2.4 Company will continue to test the affected style/colors until it has confirmed there is no Xinjiang cotton in its inventory.

Exhibit C: Mill Certification Regarding Cotton Sourcing

COMPLIANCE CERTIFICATION

The undersigned (“Vendor”) represents, warrants, undertakes and covenants to Bella+Canvas, LLC and its affiliates (“Bella”) that:

1. Vendor hereby acknowledges and agrees that it is familiar with applicable U.S. export controls, sanctions, laws and regulations, including without limitation, Section 307 of the Tariff Act of 1930, (the “Tariff Act”) as amended, 19 U.S.C. § 1307, which prohibits the import of goods into the United States that were made in whole or in part by forced labor, and the Countering America’s Adversaries Through Sanctions Act. Vendor further acknowledges and agrees that it may not do business in violation of U.S. export controls or sanctions, or other applicable laws, or in a manner that may cause Bella or any of its customers to be in violation of sanctions or laws, which includes, but is not limited to, engaging in dealings directly or indirectly with parties the subject of sanctions with respect to goods sold or to be sold to Bella or its customers and business partners. Vendor also understands and acknowledges that Bella’s policies and Code of Conduct (“Bella’s Policies”) require that Vendor procure all raw materials and/or components for Bella goods solely from sources that do not utilize forced labor or engage in human trafficking, and that do not otherwise violate any applicable laws and regulations.
2. Vendor represents, warrants and covenants that it has reviewed Bella’s Policies, and that it will comply, in all respects and at all times, with Bella’s Policies, and all applicable laws and regulations, and will take all steps necessary and advisable to ensure the goods are not made using forced labor or child labor. Vendor further represents that it will undertake due diligence with its material and component suppliers to ensure that Vendor can stand behind this representation, warranty and covenant, and that it will communicate these expectations to its material and component suppliers on a regular basis, not less frequently than twice per year.
3. Vendor further represents and warrants that:
 - The cotton fiber and any other raw materials and components thereof used to make any and all goods for Bella or its customers were not grown, harvested, processed, woven or knit in China;
 - Promptly upon request by Bella, Vendor will provide whatever documentation and/or business records that are necessary to substantiate where the cotton and other raw materials were grown and harvested and where the fabric was woven or knit in accordance with the foregoing;
 - That the cotton fiber and any other raw materials and components thereof were not grown, harvested, woven, knit or otherwise processed by any party or entity subject to a withhold release order, preventing importation of products containing such materials into the United States; and
 - That the cotton fiber and any other raw materials and components thereof were not grown, harvested, woven, knit or otherwise processed by any party or entity subject to sanctions, nor did any payment or benefit flow, directly or indirectly, from Vendor to any party or entity subject to sanction in connection with the cotton fiber or any other raw materials and components thereof.
4. If Vendor ever becomes aware of facts or circumstances that it believes will or might constitute a breach, violation or qualification of this certification, it shall immediately notify Bella and, without prejudicing any of Bella’s rights hereunder or at law, promptly begin remedial actions to rectify such breach, violation or qualification.
5. Without prejudicing any of Bella’s rights hereunder or at law and without obligating itself to do so, Bella shall have the right to perform audits of Vendor and its facilities, and Vendor shall make available to Bella, at its own cost, all information necessary to demonstrate compliance with this certification and will allow for and contribute to audits, including inspections, conducted by Bella or another auditor selected by Bella.

6. Any misrepresentation, misstatement or omission of material fact herein or any failure by Vendor to comply with any provisions hereof are grounds for immediate termination of all agreements and/or purchase orders between Vendor and Bella, without any liability whatsoever being incurred by Bella.
7. Vendor hereby agrees to hold harmless, indemnify and defend Bella, and all of its past, present and future affiliates and their respective shareholders, directors, officers, employees, representatives, customers and other business partners against any and all losses, claims, actions, damages, liabilities, penalties, costs and expenses, including reasonable attorneys' fees, disbursements and costs of investigation and cooperation, loss of profits, costs of destruction and replacement of any impacted or potentially impacted products, and shipment costs (collectively, "Claims"), arising out of, relating to or in connection with any of the following: (i) any breach of any of the representations, warranties, covenants or agreement set forth in this Compliance Certification; or (ii) the failure of any goods supplied to Bella and its customers to comply fully with Bella's Policies and all applicable laws, regulations and sanctions; it being understood that any determination by the U.S. Customs and Border Protection shall be deemed as a conclusive and irrefutable evidence of whether there was any breach of any representation, warranty, covenant or agreement contained herein.
8. Vendor acknowledges that Bella has been and will be testing its products, including for the presence of Xinjiang cotton. Vendor further acknowledges that the presence of Xinjiang cotton in any product that Vendor supplies to Bella is a breach of this agreement, the damages for which may be difficult to quantify. The parties thus agree for each and every instance in which a product supplied by Vendor to Bella tests positive for (or "consistent" with or similar terminology) the Xinjiang region of China, Vendor will owe Bella liquidated damages in the amount of \$50,000 US.
9. Vendor hereby acknowledges and agrees that Bella has the right, at all times, to deduct and set-off any amount equal to the Claims (under paragraph 7) or liquidated damages (under paragraph 8) from any amounts owed to Vendor by Bella. Vendor agrees to promptly pay, upon demand by Bella, any of Claims that remain outstanding after the exercise of its set-off rights by Bella. This Compliance Certification shall be governed in accordance with the laws of the State of California, without regard to conflict or choice of law principles.
10. This Agreement supersedes any prior agreements between the parties on the issues addressed herein. If any provision is held to be unenforceable it shall be severed and the rest of the certification shall remain enforceable to the fullest extent permitted by applicable law.

By continuing to accept or fulfill orders from Bella, or by signing below, Vendor signifies that all of the foregoing information set forth herein is true and correct as of the date of each agreement, purchase order and transaction between Vendor and Bella, and that Vendor has, and will continue to, fully comply with all of the representations, warranties, covenants and agreements contained in this Compliance Certification.

_____ (Vendor's Company Name)

By: _____ (Signature)

Name: _____ (Name of Person Signing)

Title: _____ (Title of Person Signing)