

The standards contained in this statement apply to all facilities, either owned by or contracted to, Paramount Apparel International, Inc. (PAi).

PAi respects the various cultures in which factories operate throughout the world. These standards are set forth as basic requirements which all facilities must meet in order to do business with PAi.

PAi encourages all facilities to strive to exceed these standards through the implementation of best practices and continuous improvement initiatives.

Legal and Ethical Business Practices

PAi and its contracted facilities will comply with all laws of the counties, regions, states, or municipalities in which they are located. This includes all laws, rules, and regulations related to wages, hours, health, safety, immigration, the environment, and the apparel industry.

Employers and employees must be ethical in all business practices.

Child Labor and Forced Labor

No person will be employed who is younger than the age consistent with International Labor Organization Guidelines. PAi and its contracted facilities will observe all legal requirements which apply to those employees who are under the age of 18.

PAi nor its contracted facilities will use any form of involuntary or forced labor.

Wages and Benefits/Hours Worked

PAi and its contracted facilities will provide each employee with a wage and benefit package which complies with legally mandated minimum standards or the local prevailing industry standard, whichever is higher.

All employees will be compensated for overtime according to local law. Each employee will be provided a clear, written accounting of each pay period.

PAi and its contracted facilities will ensure that the number of hours employees work will not exceed the lesser of: 1) the local, legal limitations on regular and overtime pay or, 2) 60 hours per work week (except on a voluntary basis and under extraordinary business circumstances).

Employees must be informed at the time of hire if mandatory overtime is a condition of employment.

Each employee will be entitled to at least one day off in every seven day pay period.

Health and Safety

PAi and its contracted facilities will provide each employee a clean, safe, and healthy work environment. All facilities are expected to comply with all legally mandated standards for health and safety.

Nondiscrimination and Harassment

PAi and its contracted facilities will not discriminate on the basis of race, age, color, national origin, gender, religion, disability, sexual orientation, political opinion, or social/ethnic origin.

Hiring decisions will be based solely on ability.

All employees will be treated with dignity and respect. Employees can expect to work in an environment that is free of corporal punishment, physical, sexual, physiological, or verbal harassment or abuse. Monetary fines will not be used as a form of discipline.

Informed Workplace

PAi and its contracted facilities should develop a standard communication practice with employees. This practice should include as a minimum: posting of standards and other policies in prominent places throughout the facility. Facility management should discuss standards with employees orally and undertake other education efforts on a regular basis.

Facility Security

PAi is a voluntary participant in the Customs–Trade Partnership Against Terrorism (CT–PAT). PAi and its contracted facilities will establish security procedures to insure the safety of all employees and guard against the introduction of non–manifested cargo into outbound shipments.

Monitoring and Compliance

PAi and its contracted facilities will maintain, on site, all documentation necessary to demonstrate compliance with these standards and will respond promptly to reasonable inquiries or concerns about the compliance to these standards.

PAi will undertake affirmative measures, such as announced and unannounced inspections and audits of facilities, to monitor compliance with these standards.

Paramount Apparel International, Inc. wishes to develop strong business relationships with all contractors and reserves the right to take all necessary measures to ensure compliance with these standards.