

VENDOR POLICY

INTRODUCTION

Mustang Apparel Limited is an apparel manufacturer/buying agent that takes great pride in the quality of its products and the value those products bring to its customers. People are our greatest resource and because our customers are the core of our business, Mustang Apparel Limited (MAL) strives to ensure that its products are produced in a manner that reflects our focus on people and the environment in which we live. At MAL, our goal is to sell products produced under fair working conditions in a safe and healthy environment. MAL does not condone, nor shall it participate in or do business with anyone engaged in any illegal or inhumane practices.

As a responsible global corporate citizen, MAL understands that its business will bring it in contact with various cultures having differing traditions and varying industrial environments, MAL will make every effort to select suppliers, manufacturers and other vendors whose policies and corporate culture are consistent with MAL's business values and practices.

Consequently in entering into agreements with its vendors, MAL requires that all factories, companies or individuals it does business with or obtains products from, whether located in North A, or elsewhere, comply with MAL's CODE OF BUSINESS PRACTICES. This code sets forth the basic requirements all vendors must meet in order to do business with MAL and shall be incorporated by reference into all contracts and agreements entered into by MAL.

I. COMPLIANCE WITH APPLICABLE LAWS

MAL will contract only with those vendors that are lawful and ethical businesses. Each vendor that supplies or produces goods or parts for MAL shall comply with all laws, rules and regulations of the countries in which it conducts business and with all others applicable international laws, rules and regulations including, but not limited to, the laws of the country the client is operating in, including any applicable trade treaties or agreements between the country the client is operating in and the countries in which the vendor conducts business. In addition to complying with law, vendor shall comply with the industry standards of the countries in which it conducts business. Should the relevant legal, requirements and industry standards conflict, the vendor must, at a minimum, be in compliance with the relevant legal requirements; provided, however, that if local or industry practices exceed applicable legal requirements, this higher standard shall be met by the vendor. In addition to the foregoing, vendor shall, at a minimum, comply with the following:

1. Documentation: Vendor shall maintain accurate documentation regarding the country of origin or source of products and will not participate in the creation of false or fraudulent documents.

2. Labeling: Vendor shall not manufacture, produce, supply or sell products, which are falsely or fraudulently labeled as to country of origin or source.

3. Country of Origin: Vendor shall not engage in nor aid any activity might be used in concealing, the true origin of products, including the transshipment of products through a country other than the country of origin.

4. Invoicing: Vendor shall invoice the true price and disclose all fees, charges, commissions, royalties, and costs of any nature associated with imported merchandise.

5. Export Documentation: In acquisition and presentation of export documents, including visas, vendor shall not mistake the quantities, weight or other requirements applicable with imported merchandise.

II. EMPLOYMENT PRACTICES AND LABOR STANDARDS

MAL will only contract with those vendors who in all cases treat their employees with dignity respect, fairness and in compliance with all applicable laws, rules and regulations. Furthermore, vendor must conduct operations in a manner that does not exploit employees or put its employees at risk of physical harm. In addition to the foregoing, vendor shall, at a minimum, comply with the following:

A. FORCED PRISON LABOR

1. Forced Labor: Vendor shall not use involuntary labor of any kind, including prison, debt or indentured bondage or forced labor by governments.

2. Indentured Servitude: Vendor shall not require any worker to remain in its employment for any period of time against his or her own will.

B. CHILD LABOR

Vendor shall employ only workers who meet the applicable minimum legal age requirements (or MAL's minimum age requirement, whichever is older) and comply with all other applicable child labor laws, rules and regulations. In addition to the foregoing, vendor shall, at a minimum, comply with the following:

1. Minimum Age: Every worker employed by the vendor must be at least the applicable minimum legal requirement, or MAL's minimum age of 14, whichever is older.

2. Local Labor Laws: Vendor shall comply with all applicable labor laws including those related to hiring, wages, hours worked, overtime and working conditions.

3. Employee Documentation: Vendor shall maintain official documentation that verifies every worker's date of birth. In those countries where official's documents are not available to confirm the exact date of birth, vendor shall confirm workers ages using appropriate and reliable assessment methods.

4. Employee Program: Vendor is encouraged to (1) develop lawful workplace apprenticeship programs and (2) foster attendance by eligible employees at classes and participation in work-study programs and other government-sponsored educational programs for the educational benefit of its employees, provided that all participants meet the minimum legal age requirement (or MAL's minimum age requirement, whichever is older).

C. DISCRIMINATION

While MAL recognizes and respects the cultural differences of people around the world, it requires that all of its vendors employ workers on the basis of their ability to do their job, not on the basis of their personal characteristics or beliefs. Vendor shall comply with any and all laws, rules and regulations relating to anti-discrimination of any nature whatsoever. In addition to the foregoing, vendor shall, at a minimum, comply with the following:

1. Non-discrimination: Vendor shall employ workers and pay wages and benefits without regard to race, gender, national origin, political affiliation, religion, age, disability, sexual orientation, maternity, or marital status.

2. Free Expression: MAL encourages vendors to promote free association and freedom of expression in the work place.

D. WAGES AND HOURS

Vendors shall set work hours, wages and overtime pay in compliance with all applicable laws, rules and regulations. While it is understood that overtime is often required in garment production, vendor shall carry out operations in ways that limits overtime to a level that ensures humane and productive working conditions. In addition to the foregoing, vendor shall, at a minimum, comply with the following:

1. Wages: Vendor shall pay its workers at least the minimum legal wage or the local industry standard, whichever is greater.

2. Overtime: Vendor shall pay overtime and any incentive (or piece rate) that meet all applicable laws and any applicable industry requirements or local industry standards, whichever is greater. Hourly wage rates for overtime must be higher than the rates for the regular work shift. Employees may refuse overtime without any threat of penalty, punishment or dismissal.

3. Weekly Hours: While MAL acknowledges that vendors may need flexibility in scheduling in order to meet business needs, it favors vendors who utilize a sixty-hour workweek or less. Vendor does not and shall not require, on a regularly scheduled basis, a work week in excess of sixty hours.

4. Work Week: Employees have at least one day off in seven.

5. Holidays: Vendor provides paid annual leave and holidays as required by law or which meet the local industry standard, whichever is greater.

6. Earnings Documentation: For each paid period, vendor provides its employees an understandable wage statement which includes days worked, wage or piece rate earned per day, hours of overtime at each specified rate, bonuses, allowances and legal contractual deductions.

III. EMPLOYEES WORKING CONDITIONS AND HEALTH AND SAFETY

Vendors must treat all workers with respect and dignity and provide them with a safe and healthy working environment. Vendor shall comply with all applicable laws, rules and regulations regarding working conditions. In addition to the foregoing, the vendor shall, at a minimum, comply with the following:

A. EMPLOYEE WORKING CONDITIONS

1. Disciplinary Matters: Vendor shall not use corporal punishment or other mental or physical disciplinary action with respect to its employees.

2. Sexual and Other Forms of Harassment: Vendor shall not engage in psychological coercion or any other form of non-physical abuse, including threats of violence, sexual harassment or screaming or other verbal abuse with respect to its employees.

3. Working Conditions: Vendor shall keep all work surfaces, such as sewing, knitting, pressing and cutting areas, sufficiently lit for the safe performance of production activities, including fire safety, sanitation, risk protection, building and construction.

4. Employee Safety Gear and Machinery Operation: Vendor shall make available at no cost to its employees appropriate personal protective gear and instruction in its proper use. Vendor shall provide training to employees as to the proper and safe operation of its machinery.

5. First Aid: Vendor places at least one well-stocked first aid kit on every floor of its factory or other place of business and trains specific staff in basic first aid. Vendor has procedures in place to deal with serious injuries requiring outside medical attention.

6. Sanitary Facilities: Vendor provides to its employee's (1) potable water throughout the workday, and (2) clean and sanitary toilet areas for all employees, each on an unrestricted basis.

B. PLACE OF BUSINESS / FACTORY CONDITIONS

1. Factory Conditions: Vendor shall keep its factories and other places of business in compliance with applicable laws, rules and regulations regarding working conditions, i, employee health and safety, sanitation, fire safety, risk protection and electrical, mechanical and structural safety. In addition, factories and all other places of business shall be sufficiently lit and ventilated (there are windows, fans, air conditioners or heaters in all work areas for adequate circulation, ventilation and temperature control), aisles accessible, machinery properly maintained and dispose and store hazardous materials in compliance with all applicable laws, rules and regulations.

2. Fire and Emergency Safety Matters: Vendor shall keep all factories and other places of business in compliance with applicable laws, rules and regulations regarding fire and emergency safety. Vendor shall have clearly marked exits for the orderly evacuation of employees in case of fire or other emergencies with all emergency exit routes clearly posted throughout the place of business; all aisles, exits and stairwells are kept clear in case of fire or other emergencies and all doors and other exits are kept accessible and unlocked during all working hours. Fire alarms and appropriate fire extinguishers are located throughout the building in areas clearly visible to employees and same are regularly maintained. Vendor conducts evacuation drills in accordance with applicable laws, rules and regulations at least semi-annually.

3. Machinery Safety: All machinery owned or operated by vendor is equipped with operational safety devices and is inspected and serviced on a regular basis.

IV. ENVIRONMENT

MAL endeavors to conduct its business in a manner intended to promote respect for and preservation of our environment. MAL's vendors shall comply with all applicable environment laws, rules and regulations. In addition to the foregoing, vendor shall, at a minimum, comply with the following:

1. Hazardous Materials: Vendor shall use, store and dispose of all hazardous materials in compliance with all applicable laws, rules and regulations.

2. Emergency Notification: Vendor has procedures in place for notifying local authorities in case of any discharge or release or any other environmental emergency.

V. MONITORING AND ENFORCEMENT

As a condition of doing business with MAL, all vendors must sign and agree to comply with this MAL CODE OF BUSINESS PRACTICES and sign the attached agreement to MAL's CODE OF BUSINESS PRACTICES. Vendor acknowledges and agrees that all of the terms, covenants and conditions contained in this Code shall be applicable with respect to all contracts, agreements, purchase orders and other similar documentation between MAL and the vendor.

1. Records and Access: Vendor agrees to allow MAL and any of its representatives or agents unrestricted access to its facilities and other places of business and to all relevant records at all times, whether or not notice is provided in advance. MAL will continue to develop monitoring systems to assess and ensure compliance with this Code.

2. Compliance by Vendor and Subcontractors: Vendor agrees by signing this code (1) to provide a copy of this code to each business, individual or entity that vendor contracts with to produce or assist in producing products or providing services in connection with producing goods for MAL (subcontractors) and require each its subcontractors to sign the agreement whereby such subcontractor agrees to be bound by this code, (2) to conduct reasonable

monitoring of its subcontractors on a regular basis that they contract with to produce or assist in producing goods for MAL, and (3) that all contracts, agreements, purchase orders and other similar documentation it enters into with MAL shall be deemed to have incorporated by reference all of the terms, covenants and conditions contained herein.

3. Violation of Code: In the event vendor violates this code, MAL may (1) immediately, without notice and notwithstanding any other contract or agreement between MAL and vendor, terminate its business relationship with vendor and immediately terminate current production and cancel all outstanding orders, or (2) require vendor to implement a corrective action plan. If corrective action plan is requested by MAL but not taken, MAL may terminate its business relationship with the vendor and immediately terminate current production and cancel all outstanding orders. In the event MAL terminates its relationship with the vendor as aforesaid, MAL shall be without any liability whatsoever to the vendor (except for amounts due for goods actually received) regardless of any other contract or agreement between MAL and the vendor.

4. Indemnity: In the event that this Code is violated, the vendor agrees to indemnify and hold harmless MAL for any and all costs, fees (including, without limitation, attorney fees), expenses (including, without limitation, storage and transportation expenses), damages, demands, liability, penalties, liquidated damages, or loss of goods, and any other loss incurred as a result of said violation.

5. Signed Code: MAL reserves the right to use the signed Agreement to MAL's CODE OF BUSINESS PRACTICES in any way it deems necessary or desirable.

6. Modifications to Code. MAL reserves the right to amend, modify or change this code. MAL will provide vendor with all charges and revisions to this Code. Vendor shall comply with the Code as modified.

7. Posting. Vendor agrees that it shall prominently post this Code in all public areas and other employee areas in a manner so as to fully inform its employees of the existence of this Code.

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