



Responsible Sourcing

Founded over 50 years ago, LT Apparel Group is a privately held company. We design, source and market apparel and accessories primarily throughout the United States. We have cultivated a strong portfolio of licensed and owned brands which are the basis of our company and drive our business.

We source product from all the major apparel producing countries. To ensure that our suppliers are operating with the same high standards which we and our partner brands and customers set for ourselves, we have actively developed holistic & responsible global sourcing strategies.

This Responsible Sourcing Policy represents our pledge to conduct business with integrity, openness, and respect for the rights of all individuals and core labor principles throughout our supply chain. This Policy provides the framework through which we set out our responsible sourcing ambitions and approach.

Fundamental Objectives –

- ***Commitment to workplace standards –***

LTAG is committed to working with our suppliers to ensure safe, healthy & impartial workplaces.

- ***Worker well-being –***

LTAG ensures awareness in all relevant parts of the organization of the impact of planning and purchasing practices on worker well-being & working conditions.

- ***Minimizing environmental impact –***

LTAG ensures that our suppliers meet local regulatory environmental laws and any additional brand or customer specific requirements with respect to environmental impact.

LTAG is committed to reducing environmental impact by reducing the wastage of resources. (examples: reduction of packing materials in product; encouraging & changing to business practices which reduces use of paper, etc.)

- ***Product integrity, safety & origin –***

LTAG is committed to creating quality products which are safe for consumers and meet all regulatory requirements.

LTAG considers mining activities that fuel conflict unacceptable. We have included guidance in our product integrity manual to help the vendors comply with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Responsible Sourcing Practices

Healthy & safe workplace standards

All suppliers need to adhere to LTAG's Social Compliance Program and Code of Conduct. Prospective suppliers undergo a rigorous compliance process which include comprehensive review of supplier records, worker interviews, on-site inspections of factory operations, etc., to ensure they meet LTAG and partner brand/customer standards. Post-audit assistance is also provided to suppliers to address issues of non-compliance, improvement and continuous operational performance.

Fair Purchasing Policy

LTAG personnel are trained and educated for practicing a fair purchasing policy to avoid any adverse impact on worker conditions. LTAG sourcing strategy does not revolve around buying at the cheapest price. Alignment of prices & financial terms with workplace standards & true value of the product forms the core of purchasing decisions.

LTAG internal as well as partner teams conduct regular audits to ensure that all suppliers pay legal wages and benefits to workers, including the ones mentioned in Collective Bargaining Agreements, wherever applicable.

LTAG is conscious that any factory/supplier termination has an impact on the workers. We provide advance termination notice to the suppliers to ensure they can find other customers for their open production capacities. We work very closely with the suppliers to minimize any adverse impact on the workers.

LTAG has a zero-tolerance approach to bribery and corruption. We stand committed to act professionally, fairly and with integrity in all our business dealings and relationships. To avoid a conflict of interest or the appearance of a conflict of interest, and to deter any efforts to influence any employee, LTAG adheres to a "No costly" gifts policy as reflected in LTAG Employee Handbook.

Planning & purchasing practices

LTAG is aware of the consequences of improper planning and purchasing practices. Unreasonable production lead times, irrational product prices and delayed payments have direct and adverse impacts on workers. Such practices lead to excessive overtime, harassment, hazardous working conditions and late/under-payment of wages and benefits. It also impacts our business with late product delivery and also product integrity, safety and quality issues. To avoid these issues, among other things we:

- Share seasonal calendars & order projections with suppliers.
- Perform a capacity analysis with suppliers before confirming orders.
- Perform a product capability risk analysis before confirming styles to suppliers.
- Provide clear instructions for successful execution of our orders. Comprehensive manuals shared with suppliers lists out all our requirements (Vendor Manual, Product Integrity Manual, etc.) Our staff is well-versed in, and train the suppliers on, these requirements.
- Ensure suppliers are accommodated and not penalized for matters out of their control.

Clear, regular & effective communication

We understand that clear, regular & effective communication is very important for the successful and fair execution of business. This involves sharing Standard Operating Procedures and documentations, trainings, face-to-face meetings, phone calls and regular correspondence via email. Our sourcing/production/quality/compliance and other team members are regularly traveling and we also endeavor to have on-site presence in each factory at least once every month.

Financial considerations

LTAG is committed to paying vendors on a timely manner and as per agreement. To improve this process further, LTAG has initiated a move to a paperless system which will not only improve payment approval timelines but will be beneficial for the environment.

We have a reasonable chargeback policy and it is shared with all suppliers before orders are placed (as part of the vendor manual). We also provide all necessary documentary proof for all chargebacks issued.

Motivate suppliers

We avoid transactional business, i.e., one-off orders. We believe in forming a meaningful partnership with suppliers where they are rewarded for their performance. Vendors can not only become vendors-of-record but are also considered for incremental business and strategic partnerships. We understand that this helps in a better management of resources for both supplier and us.

We will only work with suppliers that share our values. They must also agree to ensure transparency, to remedy any shortcomings, and to drive continuous improvement under the Fundamental Objectives that create the foundations to this Policy. While we expect our suppliers to meet our requirements, we also aim to recognize suppliers who make committed progress towards the best practices of responsible sourcing.

Supply Chain Risk assessment

LTAG participates in two programs initiated by USCBP - ISA (Importer Self-Assessment) and CTPAT (Customs Trade Partnership Against Terrorism). As participants in these programs, LTAG incorporates processes in supplier activation which encompass a complete risk assessment of the supplier's facility and processes, ensuring our cargo is handled in a secure environment. LTAG employees are trained to identify and address possible risks within our own facility ensuring the safety of not only our personnel but others receiving our goods.

As an ISA participant, LTAG continually audits its processes with USCBP, ensuring that our transactions meet or exceed their requirements and our customers receive product in full compliance to expectations of USCBP.