



R.G. Barry Corporation
the Dearfovers company

TERMS OF ENGAGEMENT

R.G. Barry Corporation (“**R.G. Barry**”) is successful by adhering to three basic beliefs since its founding in 1962:

1. Respect for the Individual
2. Service to our Customers
3. Strive for Excellence

R.G. Barry strives to conduct its business in a manner that reflects these three basic beliefs and expects its suppliers to adhere to these beliefs in their contracting, subcontracting and other business relationships. Additionally, because the conduct of **R.G. Barry’s** suppliers can be attributed to **R.G. Barry** and its reputation, **R.G. Barry** requires its suppliers, and their contractors, to meet the following standards, and reserves the right to make periodic, unannounced inspections of suppliers’ facilities and the facilities of suppliers’ contractors to ensure suppliers’ compliance with these standards:

COMPLIANCE WITH APPLICABLE LAWS AND PRACTICES:

Suppliers shall comply with all local and national laws and regulations of the jurisdictions in which the suppliers are doing business as well as the practices of their industry. Should the legal requirements and practices of the industry conflict, suppliers must, at a minimum, be in compliance with legal requirements of the jurisdiction in which they are operating. If, however, the industry practices exceed the country’s legal requirements, **R.G. Barry** will favor suppliers who meet such industry practices. It is your duty as the product supplier to be aware of and comply with all regulations and standards that pertain to the product that is being manufactured and for operating your facility.

R.G. Barry expects its suppliers to comply with the following conditions of employment.

- I. **Compensation:** Suppliers shall fairly compensate their employees by providing wages and benefits which are in compliance with the local and national laws and regulations of the jurisdictions in which the suppliers are doing business, or which are consistent with the prevailing local standards in the countries, if the prevailing local standards are higher. In addition to their compensation for regular hours of work, workers shall be compensated for overtime hours at such premium rates as are legally required, or in those countries where such laws do not exist, at least equal to their regular hourly wage rate. Suppliers will comply with applicable laws that entitle workers to vacation time, leave periods and holidays.
- II. **Hours of Labor:** Suppliers shall maintain reasonable employee work hours in compliance with local standards and applicable laws of the jurisdictions in which the suppliers are doing business. Subject to the requirements of local law, a regularly scheduled work week of no more than sixty (60) hours and one day off in every seven (7) day period are encouraged. Working hours must be recorded by an automated timekeeping system. Whenever a worker is present in a facility, the worker’s time must be recorded and the worker properly compensated. This applies to both regular and overtime working hours. **R.G. Barry** will not use suppliers who, on a regularly scheduled basis, require employees to work in excess of the statutory requirements without proper compensation as required by applicable law.

Employees should be permitted reasonable days off (at least one day off for every seven-day period) and leave privileges.

I. Forced/Prison Labor: Forced labor, indentured labor, bonded labor, or prison labor will not be tolerated by **R.G. Barry**. “Forced Labor” is defined as any work or service which is extracted from any person under the threat of penalty for its non-performance and for which the worker does not offer voluntarily. An employer involuntarily keeping workers identification documents is prohibited.

II. Child Labor: **R.G. Barry** will not tolerate the use of child labor. **R.G. Barry** will not accept products from suppliers or subcontractors who use child labor. No person shall be employed at an age younger than the legal minimum age for working in any specific jurisdiction. In no event shall suppliers or their subcontractors employ workers less than 16 years of age.

III. Discrimination/rights: All conditions of employment must be based on an individual’s ability to do the job, not on the basis of personal characteristics or beliefs. **R.G. Barry** will not utilize Suppliers who discriminate on the basis of race, color, national origin, culture, gender, sexual orientation, religion, disability, and other similar factors.

IV. Freedom of Association and Collective Bargaining: Suppliers will respect the rights of employees regarding their decision of whether to associate or not to associate with any group, as long as such groups are legal in their own country. Suppliers must not interfere with, obstruct or prevent such legitimate activities.

V. Immigration law and compliance: Only workers with a legal right to work shall be employed or used by a supplier. All workers’ legal status must be validated by the Supplier by reviewing original documentation (not photocopies) before they are allowed to commence work. Procedures, which demonstrate compliance with these validations, must be implemented. Suppliers must regularly audit employment agencies from which they obtain workers to monitor compliance with this policy.

WORKPLACE ENVIRONMENT: **R.G. Barry** seeks to do business with Suppliers who provide workers with a clean, safe, and healthful work environment designated to prevent accidents and injuries arising out of or occurring while in the course of work or as a result of the operation of the Suppliers facility. **R.G. Barry** will not do business with any supplier that provides an unhealthy or hazardous work environment or which utilizes mental or physical disciplinary practices.

VI. Health: Factories producing merchandise to be sold by **R.G. Barry** shall provide adequate medical facilities and ensure that all production and manufacturing processes are carried out in conditions that have proper and adequate considerations for the health and safety of those involved.

VII. Security: Suppliers will maintain adequate security at all production and warehousing facilities and implement supply chain security procedures to prevent the introduction of non-manifested cargo into outbound shipments (e.g. drugs, explosives, bio-hazards and /or other contraband). Additionally, each production and warehousing facility must have written security procedures and maintain documented proof of the adequate controls implemented to guard against introduction of non-manifested cargo.

CONCERN FOR THE ENVIRONMENT: We encourage suppliers to reduce excess packaging and to use recycled and nontoxic materials. Suppliers are expected to follow guidelines that will prevent the future depletion of natural resources and ensure the use of safe materials for manufacturing. Use of any substances listed on either RSLs (Restricted Substances Lists) listed below will result in immediate termination of business by **R.G. Barry**. Any subsequent lawsuit due to injury or product failure made by government or non-government organizations or end consumers will result in legal action by **R.G. Barry**. The supplier will be held liable for any and all lawsuits derived from the supplier’s non-compliance to the RSLs.

- A list of regulated or banned materials can be found at: <http://www.oehha.org/prop65.html>
- For a list of restricted substances please refer to the list provided by the American Apparel and Footwear Associations website located at: www.apparelandfootwear.org

CPSIA: In 2008 the CPSC set forth legislation known as the Consumer Product Safety Improvement Act (CPSIA of 2008) regulating the use of lead and phthalates in the manufacturing of children’s product. Suppliers are expected to follow these guidelines during production of merchandise for R. G. Barry.

- For more information about the CPSIA please refer to the CPSC’s website: <http://www.cpsc.gov/about/cpsia/cpsia.html>

RIGHT OF INSPECTION: R.G. Barry or a third party designated by **R.G. Barry** will take actions, such as inspection of production facilities, to implement and monitor these standards and to monitor for use of restricted substances during manufacturing. Suppliers will be responsible for all costs associated with audit/inspection failures due to non-compliance for any reason noted on this Terms of Engagement. During the course of inspection it is against R.G. Barry’s ethical standards to approach an **R.G. Barry** or third party employee with bribes, kickbacks or other similar unlawful or improper payments in order to obtain or retain business. This type of action will result in a failed audit and termination of business by **R.G. Barry**. Likewise, if an R.G. Barry or third party employee should solicit the Supplier for any type of gratuity **R.G. Barry** fully expects the Supplier to report the incident immediately to the Global Ethics Office.

CONFIDENTIALITY: Suppliers shall not disclose to others and will not use for its own purpose or the purpose of others any trade secrets, confidential information, knowledge, designs, data, skill or any other information considered by **R.G. Barry** as “confidential”.

The “Terms of Engagement” must be posted in a location visible to all employees at all facilities that manufacture products for **R.G. Barry**. If you know of a violation of these standards by a supplier, factory, or **R.G. Barry** associate, it is the responsibility of the supplier to contact the **R.G. Barry** Global Ethics Office.

- Write to: Chairman of the Audit Committee, c/o R.G. Barry Corporation, 13405 Yarmouth Rd. N.W., Pickerington, OH 43147, USA. Your confidential, anonymous submission of concerns or complaints will be delivered to the Chairman of the Audit Committee promptly and unopened.
- Call toll-free hotline: 1-800-826-6762. The hotline is operated by a third party provider and will forward your confidential, anonymous submission of concerns or complaints to the Chairman of the Audit Committee.
- Send email to: EthicsCommittee@rgbarry.com. Your confidential, anonymous submission of concerns or complaints will be sent to the Chairman of the Audit Committee.

Signature: _____

(Factory Principle)

Signature: _____

(R.G. Barry Corporation)