

## Conflict Minerals Policy

November 17, 2015

As a subsidiary of Berkshire Hathaway Inc., Garan is required to report to Berkshire Hathaway Inc. a complete report of our Reasonable Country of Origin Inquiry (RCOI) and complete details of our due diligence in determining where the 3TG's used in the manufacturing of our products were mined and provide the names and addresses of the smelters used to process the minerals.

In 2010, Congress enacted the Conflict Minerals provisions of the Dodd - Frank Wall Street Reform and Consumer Protection Act (Dodd - Frank Act). The act was enacted because of concerns that the exploitation and illegal trade in Conflict Minerals (Tin, Tantalum, Tungsten and Gold), (3TG's) by armed groups is helping to finance conflict in the DRC region and is contributing to a humanitarian crisis. The goal is to cut the funding of armed groups in the Democratic Republic of the Congo (DRC) and its neighboring countries, Angola, Burundi, Central African Republic, The Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia that have directly or indirectly contributed to human rights abuses. Section 1502 of the Dodd - Frank Act requires publically traded companies to report to the U.S. Securities and Exchange Commission (SEC) whether any of the 3TG's in the products they manufacture or contract to manufacture originated from the DRC Region and the due diligence steps taken to determine if the sale of the minerals finance or benefit armed groups in the conflict region.

Garan is not publically traded company but we share in the responsibility to source responsibly when using any of the 3TG's in the products we manufacture or contract to manufacture.

### *Garan's Commitment to Responsible Sourcing*

Garan is committed to operating and sourcing in an ethically socially responsible manner, ensuring our principles are honored in all our business decisions, including those with our customers, manufacturers, suppliers and licensees. We are committed to taking the necessary steps needed to ensure the products we manufacture, purchase from other manufacturers and suppliers, as well as those manufactured by our licensees are sourced from companies that share our human rights, ethics, social, and environmental responsibility. Garan is dedicated to preventing the sale of products produced at the expense of communities and workers in the Conflict Region.

Due to the limited use of the 3TG's in the production of our products, where possible, we will avoid using any components made from minerals sourced in the DRC Region. When it is necessary to use a component that contains Tin, Tantalum, Tungsten or Gold, we are committed to working with our suppliers to increase the transparency regarding the origin and traceability of the minerals used in our products to ensure our products do not contain unethically sourced minerals.

### *Garan's Expectation of Suppliers*

Garan is committed to responsible sourcing of materials for our products, including the sourcing of Conflict Minerals, and expect our suppliers to also be committed to responsible sourcing. We expect our relevant suppliers to provide a chain of custody declaration taking steps to identify the origin of the Tin, Tantalum, Tungsten and/or Gold contained in their products and to support efforts to stop the use of Conflict Minerals that directly or indirectly finance or benefit armed groups in the covered countries. In addition, we require the following from our suppliers:

- To source materials from socially responsible suppliers
- To supply products to Garan that do not contain 3TG minerals that have been sourced under circumstances that contribute to or support human rights violations in the DRC
- To determine if hardware, trims or other components sourced contain Tin, Tantalum, Tungsten and or Gold
- To undertake due diligence within their supply chain to determine the origin of the Conflict Mineral
- To determine the name and address for the smelter used to process the mineral
- To provide to Garan a fully completed Conflict Minerals Reporting Template (CMRT), following the Conflict Free Sourcing Initiative (CFSI's) Conflict Free - Smelter Program.
- To notify Garan of and seek out another source for any components where the supply chain cannot be traced back to the smelter used in processing the Conflict Mineral.
- If it is determined the Conflict Mineral did come from the DRC Region, to use the OECD's guidelines to further trace the origin of the applicable mineral from the mine along all routes to the smelter ensuring the mineral was legally mined.

If there are any questions concerning Garan's Conflict Minerals Policy they can be addressed to [ConflictMinerals@Garan.com](mailto:ConflictMinerals@Garan.com).

## Conflict Minerals Management System

### *Overview*

Garan is not a publically traded company and is therefore not required to report to the Securities and Exchange Commission concerning any applicable minerals in our products but as we are owned by Berkshire Hathaway Inc. and they are a publically traded company, we are required to report to Berkshire Hathaway Inc. information concerning any Conflict Minerals used in our products or components of our products.

The Dodd-Frank Act requires disclosure of certain information when a company manufactures or contracts to manufacture products and Tin, Tantalum, Tungsten and/or Gold (3TG's) is necessary to the functionality or production of those products. If products or components of products contain even trace amounts of the 3TG's, due diligence must be used to determine where the minerals were mined. If the minerals are determined to originate in the Democratic Republic of Congo or adjoining countries consisting of Angola, The Republic of Congo, Central African Republic, South Sudan, Uganda, Rwanda, Burundi, Tanzania or Zambia, the minerals are considered Conflict Minerals and are subject to the reporting rule. This requires the company to trace the mineral used in the component back to the mine, the route of transporting to the smelter and provide the actual smelter/refinery name and address where the mineral was processed where possible. Due to the serious abuses associated with the extraction, transport and trade of the minerals in the High Risk area of the Democratic Republic of Congo and adjoining countries, the minerals extracted from this region are considered Conflict Minerals.

The products we manufacture, contract to manufacture or license may have individual components, such as Snaps, Zippers, Rivets, or other metal fashion apparel components that may include necessary subject minerals.

As a downstream supplier, Garan cannot provide absolute assurance regarding the source and chain of custody of any conflict minerals in our products. We rely on information collected from our suppliers.

### *Step 1: Establish Strong Company Management Systems:*

- Adopt and commit to a supply chain policy for minerals originating from conflict affected and high risk areas: Garan has adopted a formal policy that reflects our commitment to source responsibly.
- Structure internal management systems to support supply chain due diligence: Garan has established an internal process to manage our ongoing conflict minerals compliance. The objective is to develop components and document through receipt of CFSI templates received from each supplier which components, if any, contain 3TG's.
- Establish a system of controls and transparency over the mineral supply chain: Garan has implemented a process to evaluate components and suppliers of components in the supply chain for potential conflict minerals. We require all suppliers of applicable trim components to provide a CFSI template detailing if the component item contains Conflict Minerals and also providing full details concerning the origin of any of the 3TG's known to be in the item. Garan will maintain Conflict Minerals records for 5 years.
- Strengthen company engagement with suppliers: Garan has communicated our policy regarding Conflict Minerals to our suppliers. We will continue to enforce our policy each time a new trim item is sourced to ensure compliance.
- Establish a company level grievance mechanism: Garan's Conflict Mineral policy is available on our web page at [Garanimals.com](http://Garanimals.com). It provides details in how to communicate any questions or concerns regarding our sourcing and the use of Conflict Minerals in our products.

### *Step 2: Identify and assess risks in the supply chain:*

- Identify high risk parts and suppliers: With each applicable new trim item developed for purchase and use in our products, we will review the CFSI template provided by the supplier and determine if we feel the 3TG's contained within the product, if any, are Conflict Free.

- Survey Suppliers: Garan follows the OECD's due diligence guidance for responsible supply chains of minerals from conflict - affected and High Risk areas using the CFSI template. This template/Survey is provided to each supplier providing components that have the potential to contain any of the 3TG minerals.
- Collect Responses: Garan will collect completed CFSI templates from all applicable component suppliers. These will be reviewed and evaluated to ensure they are completed with clear explanation of all responses. If additional follow up is needed to gain clarity, follow up communications will take place.
- Review Supplier responses: Garan will review all survey responses, validate them for completeness and sufficiency. We will follow up with suppliers as needed. All surveys will be categorized based on the information reported. If Conflict Minerals are contained in a component, the smelter name and address will be compared to the list of approved smelters to determine if it is believed the applicable mineral was mined and processed in a socially responsible manner.
- Aggregate supplier survey responses: If it is determined a supplier's survey response is not aligned with our company policy, the appropriate Senior Management and all applicable parties will be notified of the concern.
- Review and assess smelter information: Garan will conduct a full review of all surveys to determine if the smelters used were CFSI approved or determine if the smelter information reported presents a "RED FLAG" as defined by the OECD Guidance.

***Step 3: Design and implement a strategy to respond to identified risks:***

- Report findings to designated senior management outlining the information gathered and the actual and potential risks identified in the supply chain risk assessment: If the component is considered "High Risk", Senior Management will be notified so that decision can be made to accept or to look to source the component from another supplier that can provide more clarity of where the 3TG minerals in their product came from and can provide more transparency as to the supply chain.
- Devise and adopt a risk management plan: Due to the low risk in our product, our plan is clear. We will require the CFSI Template be provided for each trim item that has the potential to contain any of the 3TG's. If the template confirms the item contains one or more of the minerals and the smelter name cannot be provided or is provided and is not listed on the approved list, our plan is to Stop the development and look for another supplier to source the item that can provide full disclosure of the supply chain. If a case should arise that cannot follow this plan, our Senior Management will be looped into the issue and a different route will be taken to reduce our exposure to the extent possible.
- Implement the risk management plan, monitor and track performance of risk mitigation, report back to designated senior management and consider suspending or discontinuing engagement with a supplier after failed attempts at mitigation: Unresponsive suppliers will be evaluated for risk and corrective action that may include removal from the company's list of approved suppliers.
- Undertake additional fact and risk assessments for risks requiring mitigation, or after a change of circumstances: Additional fact finding, risk assessments and changes in circumstances will take place as part of Garan's annual review of our Conflict Minerals Program.

***Step 4: Carry out independent third - party audit of smelter/refiner's due diligence practices:***

- Due to the extreme downstream nature of our business and the limited number of components that contain any of the 3TG's, Garan will not carry out independent 3<sup>rd</sup> party audits of smelters. However, if the nature of our business should change and we have more of a direct relationship with a smelter or if the risk in our products increase, we will reassess this need.

***Step 5: Report annually on supply chain due diligence:***

- Annually report or integrate, where practicable, into annual sustainability or corporate responsibility reports, additional information on due diligence for responsible supply chains of mineral from conflict-affected and high - risk areas: Garan has implemented a process to summarize, review and approve compliance and have all trim suppliers provide the CFSI template detailing if the trim item contains any of the 3TG's and if so providing further details to where the 3TG's originated. Our ongoing Conflict Minerals Plan is as outlined below:

- NY Office (Design and/or Production Team) sources trims. If trims are made of any kind of metal, the CFSI form is provided to the supplier to complete. If they need guidance in completing, they will be given the necessary information in whom to contact in our Compliance Department to provide assistance in completing the form or in clarifying the information needed.
- Once the form is received and is complete, it will be reviewed by the Compliance Team to determine, first if the item contains any 3TG's and if not, there is no issue in sourcing it from this supplier if it meets all other testing and appearance criteria. If the item contains any of the 3TG's, further review of the form will be made to determine the name and address of the smelter/refinery used to process the mineral.
- Next the name and address of the smelter will be cross checked to the approved list to make sure it is on the list. If it is on the list, we will proceed with sourcing the item if it meets all other criteria. If the smelter/refinery is not on the approved list or cannot be provided, we will reach back out to the supplier to have them dig deeper into the supply chain and at the same time start searching out another source for the item. If another source cannot be located or the other source cannot meet the other criteria needed and the original supplier cannot provide supply chain details, the Vice President of the applicable Division will be notified of the issue.
- The business necessity will be reviewed and a decision will be reached to proceed, or not, with sourcing, to use another source or to replace the trim item with an item that can show clearer transparency.
- The CFSI Survey forms will be retained by the Compliance Department along with all email communications that provide proof of the communications exchanged and the efforts made in our reasonable due diligence process, assuring where possible we use ONLY "Conflict Free" components and materials in all our products.
- Yearly, the forms collected for all applicable trim components will be compiled into the Conflict Mineral Template provided by Berkshire Hathaway Inc.
- The template will be uploaded to the website as requested to enable the information to be compiled together with other suppliers allowing Berkshire Hathaway Inc. to file the report with the Securities and Exchange Commission as required by Section 1802 of the Dodd - Frank Act.