

COLLECTIVE BARGAINING AGREEMENT

ALTAGRACIA PROJECT

And

WORKER'S UNION OF ALTAGRACIA PROJECT (SITRALPRO)

Between, on one side:

ALTAGRACIA PROJECT LIMITED, a commercial entity, incorporated under the Laws of British Virgin Islands, domiciled and established at the Free Zone Industrial Park of Villa Altagracia, San Cristobal province, duly represented by its General Manager, Mr. _____ Dominican, of legal age, bearer of Dominican Identity Card No. _____, domiciled and resident in [●], which for purposes of this Collective Bargaining Agreement on Working Conditions shall be hereinafter referred to as **“THE COMPANY”**.

And the other side: **WORKERS UNION OF ALTAGRACIA PROJECT, (SITRALPRO)** such trade union organization incorporated under the provisions of the Labor Code and Conventions Nos. 87 and 98 of the International Labor Organization (ILO), registered at the Ministry of Labor under the Resolution No. 13/2010 , dated 7th of July 2010, duly represented by its Secretary, Mrs. **MARITZA ALTAGRACIA VARGAS GUTIERREZ**, Dominican, of legal age, bearer of Dominican Identity Card No. 001-0423053-7, domiciled and resident in the municipality of Villa Altagracia, San Cristobal province; its [●], Mrs. **MIREYA PEREZ**, , Dominican, of legal age, bearer of Dominican Identity Card No. [●], domiciled and resident in the municipality of Villa Altagracia, San Cristobal province; its [●] Mr. **PABLO TOLENTINO**, Dominican, of legal age, bearer of Dominican Identity Card No. [●], domiciled and resident in the municipality of Villa Altagracia, San Cristobal province; its [●], Mrs. **ELBA NURIS OLIVO**, Dominican, of legal age, bearer of Dominican Identity Card No. [●], domiciled and resident in the municipality of Villa Altagracia, San Cristobal province; and, its [●], Mr. **LEANDRO DE JESUS HEREDIA**, Dominican, of legal age, bearer of Dominican Identity Card No. [●], domiciled and resident in the municipality of Villa Altagracia, San Cristobal province, elected by the Assembly dated March 22, 2012, which shall be hereinafter referred to as **“THE UNION”**; and,

The Dominican Federation of Free Trade Zone Workers, Industries and Services (FEDOTRAZONAS) such trade union organization incorporated under the provisions of the Labor Code and registered before the Ministry of Labor by Resolution No. 04-2002, of dated 8 March of 2002, represented by its Secretary General Mr. YGNACIO HERNANDEZ, Dominican, of legal age, married, bearer of Identity Card and Electoral No.048-0049527-9, domiciled and resident in the city of Santo Domingo, National District, Capital of the Dominican Republic, which shall be hereinafter referred to as **“THE FEDERATION”**.

PREAMBLE

WHEREAS: The signing of this agreement is intended to determine the duties, benefits, responsibilities and behavioral patterns of the parties and the conditions and benefits for performing work activities in the Company.

WHEREAS: The work is a social function, noble and dignifies, not a commodity, something material or instrument which is rented, sells, purchase or is utilize for materialistic purposes and that the human factor should prevail over the rules or material contingency.

WHEREAS: The essential goals of labor standards are human welfare and social justice, and for this matter the parties undertake to deliver full-length, to the extent of its possibilities, to achieve this essential feature. The rules of the collective agreement are to be interpreted according to this concept.

WHEREAS: The good faith encourages contracting parties. The harmony in labor relations is essential for the smooth running of the Company, the leading and best individual and team performance and consequently, increased productivity and competitiveness of the Company.

WHEREAS: In the interest of maintaining and strengthening good relations between employers and workers and to propose the development of business and thus the welfare of workers within the norms of social justice that should govern the country that is truly democratic, it's convenient the signing to this **COLLECTIVE AGREEMENT OF WORKING CONDITIONS**, and on the understanding that this preamble is part of this collective agreement, the parties hereby have agreed and decided the following:

ARTICLE 1: PURPOSE OF THE AGREEMENT

The aim of this collective agreement is to ensure better working conditions, appropriate wage remuneration, facilitate the settlement of labor disputes, social benefits that promote social justice and decent work, and establish stable relations between the Company, workers and the Union.

ARTICLE 2: SCOPE

This agreement shall apply to all workers providing services as subordinates in the Company **ALTAGRACIA PROJECT**, whether physical or intellectual, without distinction whatsoever, except those in positions of general inspection, management and supervision.

ARTICLE 3: DEFINITIONS

In the present collective agreement on working conditions, for the purposes of implementing this agreement, words, themes and expressions are identified in this article:

3.1. the Company: This refers to the Company **ALTAGRACIA PROJECT** is the legal entity that signs this agreement, and / or any other name which it acquired in the future,

which is installed in the park of Villa Altagracia Free Zone, located on Calle Duarte No: _____ any other branch or an integral part of it to be installed anywhere in the country.

3.2. **WORKERS:** Any person who serves as subordinate for the **Company** except those in positions of general inspection, management and supervision.

3.3. **WORKERS UNION OF ALTAGRACIA PROJECT (SITRALPRO)**

3.4. **FEDERATION:** The Dominican Federation of Free Trade Zone Workers, Various Industries and Services (**FEDOTRAZONAS**).

3.5. **AGREEMENT:** This collective agreement on working conditions

3.6. **SALARY** - This is the remuneration that the employer must pay weekly to the employee as compensation for work performed. It is part of the cash and other benefits receive for the work completed.

3.7. **PARTIES:** The Union and Company.

3.8. **JOINT OR JOINT COMMISSION:** A joint commission (“Commission”) created by the Company and the Union for the purpose of dialogue between the parties made up of three (3) Company representatives and three (3) Union representatives and advisers as the parties consider.

3.9. **FINANCIAL MEASUREMENTS.** All references in this Agreement to the Company’s “profitability” or “break even” financial performance, or similar financial measurements of the Company shall take into account the costs, expenses and revenue of Knights Apparel, Inc. (“Knights Apparel”) in distributing and selling the Company’s products to the ultimate retailer, consumer or end user, and such financial performance metrics shall be as determined by the CFO of Knights Apparel.

3.10. **CURRENCY.** All references in this Agreement to dollars or \$ shall mean Dominican Republic pesos (not U.S. dollars, regardless of whether “pesos” or “RD\$” is then specifically referenced or not).

ARTICLE 4: MUTUAL ACKNOWLEDGMENT

4.1. Company recognizes the Union:

a) **WORKERS UNION OF ALTAGRACIA PROJECT (SITRALPRO)** as the only body empowered to negotiate or agree to discuss individually or collectively in relation to working conditions of those working at the Company.

4.2. The Company also recognizes the legal authority of the Union to receive legal advice and association of the Federation or Confederation to which they are affiliated.

4.3. The Company as part of acknowledgment of the Union and its leaders will allow the free transit latter and the necessary communication with the workers, within the grounds of it, as long as you do not alter the functioning and productivity of the Company.

4.4. The parties agree that the Union Board shall benefit from the charter set out in Articles 389 and following of the Labor Code.

4.5. Unions' Permissions: The Company shall grant the Union, a total of 10 days paid leave per year to perform normal activities of the Union, whenever necessary, and being previously reported to the Human Resources Office by the Union within 24 hours prior notice.

4.5.1. The Company also will grant four (4) businesses paid days yearly to a total of four (4) members of the Union or Union leaders to participate in local educational activities. In such cases, the Company will provide the sum of Five Thousand pesos (5,000.00) for each person. Nonetheless, the members and directors of the Union that wish to participate in those educational activities shall coordinate the absence during such days with their Immediate Supervisor and the Human Resources Department, with a 10 days prior notice. If there were not a substitute for replacing the member whom will be absence or it is impossible to not grant the permit due to an extraordinary increase in the work, the Company shall have the faculty to deny the request based on the above reasons. In this case, the Union could require that the participation could be granted to a different member that is not affected to the above indicated conditions.

The Company shall pay the above described sum to the member of the Union that will participate in the training activities, and the participation diplomas or certificates issued at the end of such course. The lack of compliance with this obligation will allow the Company to not authorize the participation of the Union member in other activities.

4.5.2. The Company agrees to finance reasonable costs up to 25% for participation of one member of **FEDOTRAZONAS** annually in international activities, whether organized by Workers Rights Coalition (WRC), USAS, or any other international entity related or not to the management of the Company. Such financing would be granted depending on the economical situation of the Company, the market conditions and whenever such request does not coincide with any other financing request for any other training or educational activity by any of the Union members.

4.6. The Union will have a wall or notice board closed on the plant of the Company, through which it will communicate matters of interest to workers such as: calls, reports, notes and newspaper clippings, articles and educational documents in the Union, labor and any subject related to them, provided that in the published material not to use offensive language or that violates the ethical and moral standards.

The Union may request the Human Resources Department that any reasonably relevant information, concerning posts by Union in its assigned notices board for purposes of meetings to be held or any other similar to be transmitted to the workers through the speakers of the Company. The Human Resources Department will determine if such information falls within the category set forth in this Article and does not alter the productivity of the Company.

4.7. The Company will deduct weekly fees from affiliated workers belonging to the Union, the workers will expressly authorize in writing the discount from their wages, in the forms created by the Company for such purposes. The amounts deducted shall be delivered on a weekly basis by check to the Union with a report of the names and amounts withheld to the employees. The Union must keep the Company updated in writing on any worker disaffiliating to the same for the Company to discontinue the deductions on due time.

4.8. The Company and the Union agree not to encourage or allow any action or omission to interfere with the proper conduct of this collective agreement.

4.9. The Company agrees not to discriminate against the Union, or their respective members by virtue of their Union activities, and to respect the full degree of freedom of association enshrined in the Constitution and laws of the Republic and International Conventions ratified by the Dominican Republic.

The Union agrees to not perform, coordinate or participate in any of the prohibited actions set forth on Article 332 and 394 of the Labor Code.

4.10. The Unions recognize the power of direction given to the Company, which must be exercised taking into account the purposes of the business and production requirements, subject to the preservation and improvement of the personal and property rights of the workers.

ARTICLE 5: GENERAL COMPROMISE OF THE PARTIES

5.1. The Company through its representatives, agrees to respect human dignity, thereby committing not to retaliation or discrimination based on sex, age, race, nationality, and political affiliation, religion and association and physical condition or physical health status or health condition such as HIV-AIDS or other diseases of workers in future hiring, promoting equality of opportunity and treatment for workers facilitating the inclusion of women in nontraditional jobs under the same conditions in which male workers perform their duties, also promises to give orders in improved tone and just ruling out any other action that assaults the dignity and physical and moral integrity of the workers.

5.1.1. The Company agrees not to implement, or allow their representatives, officers / employees and as / as in general, implement any action discriminated against people with HIV as a means of access or remain in employment or receive special treatment, using derogatory terms, about the health condition of people.

The Company and the Union agree to manage, coordinate and jointly develop HIV prevention campaigns and non-discrimination of HIV positive people, contacting qualified institutions to provide prevention and awareness workshops, taking into account the programs that develop unions.

Also, the Company will allow the placement of posters on this subject, in the murals of the Company and the Union.

5.2. Union. The Union is committed to make every effort to enforce its members to respect the rules and procedures set forth in this agreement and go through with claims and complaints procedures intended to maintain a healthy and harmonious labor relation.

5.3. The Parties. The parties agree to cooperate to the fulfillment of the obligations under laws and concurrence made by the present Agreement, which implies the obligation not to do anything to prevent or hinder its implementation. Most particularly, the parties undertake to eliminate any practices that may quarrel with the principles set out in this agreement.

ARTICLE 6: ARTICLE 6: WORKING CONDITIONS

6.1. The Company agrees to keep all the work area and its setting, in optimum conditions regarding proper hygiene and conditions of the working tools, machinery, facilities, etc., Which is set under a special title in this agreement.

6.1.1. The Company agrees in order to reduce interruptions from work, to provide workers with adequate hydration, conditioning water dispensers, to ensure the hygiene of the product and ensure that water supplied is fit for human consumption.

The Union agrees to follow up to the workers in the care and protection of Company's goods, including, instruments, machineries, facilities, equipments and other, that are facilitated by the Company for performing the jobs and improving the working conditions.

6.2. **PREVENTION AND PUNISHMENT OF SEXUAL HARASSMENT.** The Company agrees not to allow the exercised of actions that qualify as sexual harassment and intervene in cases where they occur, either upon receiving a complaint or through internal controls that are implemented.

Sexual harassment is any direction, threat, constraint, or offering designed to obtain favors of a sexual nature by a person (male or female) who abuses the authority conferred by his position.

Both parties agree to take all appropriate measures to prevent the commission of these practices.

In any event, the Company shall guarantee the worker who makes the claim that their job won't be affected.

Every employee is in the duty and freedom to report at the Human Resources Department any sexual harassment act. In this case, the Commission shall investigate and will proceed with the suspension of the employment contract until the issuance of the final judgment with the authority of res judicata by the appointed Court. In the event that such judgment indeed punishes the employee, the Company will terminate the employment contract of the employee that committed the fault.

6.3. WORKING HOURS

6.3.1. The parties agree that the day will be established in the contract of employment which cannot exceed nine (9) hours per day or forty-four a week.

6.3.2. When agreement between the parties or circumstances referred to in Article 153 of the Labor Code, is working overtime must be paid to these workers as follows:

(i) Monday through Thursday: a 35% overtime premium is paid after nine (9) hours are worked during Monday through Thursday, with an additional 15% overtime premium paid for any hours worked after 9 PM local time;

(ii) Friday through Sunday: a 100% overtime premium is paid for any work performed after 1 PM local time on Friday through Sunday.

(iii) In the event that the employees are required to work overtime, the Company may grant to group of employees not exceeding 10% of the total of employees working at that moment a break of twenty (20) minutes at the end of the regular working hours and shall be given transportation after the end of their work.

Such transportation will depart from Company's facilities on an as needed basis, as reasonably determined by the Company. The employees shall be taken to a defined location within an established route.

6.4. **SALARY**

6.4.1. **Living Wage.** Under Article 23 of the Universal Declaration of Human Rights in subsections a) and b), which establish that:

a) Everyone has the right, without discrimination, to equal pay for equal work,

b) Everyone who works has the right to just and favorable remuneration, ensuring for himself as to his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

In this regard the Altigracia Company Project, has been established based on these principles and the concept that it is possible to be competitive on the basis of paying workers a living wage, which is why from the beginning to set an average salary equivalent to \$ 19,227.00 RD which is equivalent to approximately 3 legal minimum wages in the Dominican free zones. The Company agrees to keep this salary for the current employees.

The Company agrees to pay living wage as established by Workers Rights Consortium and agreed to by the Company. Company reserves the right to have additional 3rd party analysis of living wage study regarding any redundancies included in the analysis.

The factory is committed to ensuring that all employees are paid a living wage. To further this purpose, and to ensure that the factory and the Union can plan production

efficiently, the parties have agreed to an annual wage increase of 4%. This is based on the average rate of inflation in the Dominican Republic in recent years. The parties agree that the WRC will continue to evaluate cost of living changes in the Dominican Republic and advise the parties. If the WRC determines that consumer prices have risen more or less than the parties anticipate, the parties will meet to discuss an appropriate prospective wage adjustment.

6.4.2. ESTABLISHMENT OF GOALS

6.4.3. For the purpose of setting goals, it will be made after it is recognized that they meet international apparel industry standards in coordination with the Union.

6.5. COMPENSATION FOR PRODUCTION

6.5.1. The Company will annually choose the most efficient module based on performance, quality and timely production efficiency and will compensate them with the sum of ONE THOUSAND PESOS (RD \$ 1,000.00) for most productive module, plus up to four (4) additional employees annually. This selection shall be made if (i) the Company becomes profitable after our year end review, (ii) the module's performance meets or exceeds 90%.

6.5.2. For the election of workers, who were given bonuses for efficiency and productivity, as established on 6.5.1 hereto, should be made via the Commission; this Committee will also deliver the compensations at the end of the quarter.

6.6. **CHRISTMAS BONUS.** The parties agree that for purposes of calculating the Christmas Bonus, the Company will follow the rules set forth on Articles 219 and following ones of the Labor Code. For determining the Christmas Bonus, the Company shall exclusively include the salary, bonus and overtime received by the employee.

6.6.1. The Company shall provide to all workers, along with their Christmas wage, a Christmas basket with seasonal products which amount in total to \$ RD 2,261. These baskets delivery shall be held by the Human Resources Department and one member of the Union could collaborate in the same, whenever it does not adversely affect the Company's production or employee's performance.

6.7. **SCHOOL SUPPLIES.** Depending on Company's economical situation, The Company could provide at the beginning of the employees' children school year, loans or vouchers valued at a maximum of RD \$ 3,000.00 to all workers who qualify for it. For purposes of granting such loans upon request to the interested employee, this latter shall meet the following requirements: (a.) To have two (2) or more kids of school age, from 3 years old up to 18 years old, which shall be registered at Company's records or if the employee is a student and has one kid at school; and the employee shall present evidence of the subscription of the minors to the school and of his/hers as well if applies (b.) to have rendered services for at least one (1) year of uninterrupted services in the Company.

The requests shall be evaluated by the Human Resources Department, which shall verify that the employee meets the abovementioned requirements. For such purposes, the interested employee shall complete a form whereby the employee expressly consent and authorize the Company to make the withholdings from the salary, in a maximum of 10 weekly installments,

and the employee shall agree that in the event of termination of employment contract, the Company shall be authorized to withhold any outstanding balance from the termination benefits and/or proportion of acquired rights.

If the Company achieves break even financial performance in either of the next 2 six (6) month financial reviews, it could have available the sum of THIRTY THOUSAND PESOS (RD \$ 30,000.00) and put under the sponsorship of children in the community with limited resources who need it who are enrolled in school by attending regularly. These funds will be managed by the Commission. These funds will be used only for children who are enrolled between the 1st and 8th grade of elementary and middle school and 9th to 12th grade of high school. The criteria for selecting the kids who shall be granted with this economical aid will be defined by the Commission in a separate document to this CBA: nonetheless, none of the selected kids shall be direct relatives to the Company's employees.

6.8. VACATION

a) Employees with more than five (5) years of continuous service in the Company shall enjoy eighteen (18) days of vacation and eighteen (18) of salary payment.

b) For those employees with less than 5 years, the Company shall apply the rules set forth on Article 177 of the Labor Code.

ARTICLE 7: ADDITIONAL WORKING CONDITIONS

7.1. The Company undertakes to put a dining space and employees shall ensure the hygiene and safety of the same, and likewise provide the area with drinking water, microwave and other equipment deemed necessary to make the most appropriate area possible. In case that the Company verifies an abusive use of this space and the equipments by any employee, the Company shall be allowed to undertake the disciplinary measures established in the Labor Code.

7.2. The Company is committed to providing identified t-shirts with the name and logo of the Company so that the employees carry out their duties within the Company and the periodic replacement thereof by reason of deterioration. The employee shall keep and maintain the uniform in good conditions, and such employee will be responsible of the damages caused to the same, unless such damages are due to the ordinary use of the uniforms. The Company will provide 10 T Shirts per employee annually.

ARTICLE 8: WORK PERMITS AND LICENSES

8.1. When a worker is subject to a license for health reasons (illness, occupational disease, accidents and work accidents), as well as prenatal and postnatal leave, the Company agrees to advance salary to the employee, when it applies, in the proportions established in the Law 87-01, which creates the Dominican Social Security System, Regulations and Resolutions. The employee acknowledges his/her duty of providing to the Company the required forms duly completed and signed by the doctor, so that the Company initiates the procedure for payment of the subsidy to the given employee. The employee recognizes that the subsidies granted by the

Labor Risk Administrator are directly paid to the employee; therefore, the Company shall not be required to advance salary.

8.2. the Company agrees to grant workers two (2) days each year as unpaid permits with the purpose that the employee performs personal errands medical, school, or any other activity or management which must be previously approved by the Supervisor, the Human Resources Department and the Union with at least one (1) week prior notice, so that it is approved by the Company.

The Company is allowed to deny the permit in the event that there does not exist any substitute that could replace the employee in his/her position, on the understanding that such permits cannot adversely affect the normal operation of the Company.

In cases where the worker returns before noon and makes their daily goal will be guaranteed payment of their wages in the corresponding proportion.

8.3. DEATH OF A WORKER OR FAMILY MEMBER

a) Leave for death of relatives. When the worker's family member dies, the Company shall grant paid leave in the following order:

the Company shall grant paid leave in the following order:

Spouse or partner duly registered in the Company's records / recognized 5 days

- Father / mother 5 days
- Children / 5 days
- Brothers / Sisters 3 days
- Grandparents / 3 days

For enjoying such benefits, the employee shall provide the evidences that attest the relatives' death, this is, the death certificate. Such evidences shall be filed through the Human Resources Department of the Company.

In the first three cases indicated above, the Company could grant up to three (3) vacation days in addition to the aforementioned leaves, whenever the employee indeed has pending vacation days to enjoy.

b) A worker who has suffered the loss of one of the persons referred to in the preceding paragraph may opt for a loan through the Company to be repaid in installments to the Company's soft discount via payroll. Such loans could be granted or not depending on Company's economical situation and they shall be paid by the employee in up to 18 monthly installments. For granting this loan to the employee, this latter shall have rendered services to the Company for at least two years and the employee shall have filed the death certificate, as prior established.

The interested employee shall complete a form which will include the authorization of the employee to the Company for making the corresponding withholdings from the salary on the understanding that in the event that the employment contract is terminated, the Company shall be allowed to deduct any outstanding balance from the termination benefits and/or acquired rights. Such period for deducting the loan from the salary cannot be considered as a guaranteed period for the employee providing services.

The loan will be in effect according to the following relation:

- a. Spouse or partner duly registered in the Company / recognized RD \$ 10,000.00
- b. Father / mother RD \$ 10,000.00
- c. Children /RD \$ 10,000.00
- d. Brothers / Sisters RD \$ 5,000.00
- e. Grandparents /RD \$ 5,000.00

This death must be proved by relevant documents (death certificate).

c) The Company agrees that when a worker dies (who has worked for the Company for at least one continuous year), to pay the deceased's designated beneficiary an amount equal to the greater of (i) the accrued severance pay and (ii) the economical aid set forth on Article 82 of the Labor Code.

In this case, the Company will provide a commission from 1 to 3 employees so they can accompany the family of the worker to the burial of the deceased. These people will have a paid leave of three (3) hours. The number of employees of such committee will be defined by reason of the distance; this is, if the burial is made in the same place of the Company's domicile, the maximum number of employees could assist.

8.4. **BIRTH.** The Company agrees to grant the worker who has a newborn a child a paid leave of three (3) days to perform legal and medical procedures and to the help their wife or consensual partner duly registered in the Company.

8.5. **MARRIAGE.** The Company agrees to help their employees by donating the sum of three thousand (RD \$ 3,000.00), whenever a period of at least 2 years have passed between one marriage and the other when they contract NUPTIALS legally. The same amount will be also granted if a couple of Company's employees get married. In addition, the Company agrees to grant a paid leave of five (5) working days.

The employee shall file the marriage certificate at the Human Resources Department.

ARTICLE 9: MATERNITY PROTECTION

9.1. The Company undertakes not to expose pregnant workers to tasks that may somehow affect their condition, and access to switch the WORKER from the type of work that may be harmful to her health or for the baby, all of which must be endorsed by a medical specialist in the area.

9.2. If after delivery, the **WORKER** has a disease, duly certified by a doctor, that prevents her from returning to their jobs once the postnatal rest period provided in Article 236 of the Labor Code, the Company agrees to grant the medical leave prescribed by the doctor. In this case, the female employee shall file the medical certificate and the Medical Illness Report issued by the Superintendence of Health. Both documents shall be completed, signed and sealed by the doctor, with the purpose that the Company initiates the procedure of medical illness subsidy in the corresponding salary proportion.

Company agrees to comply with Article 240 of the Labor Code with respect to breast feeding.

9.3. With the aim of contributing with workers to solving their financial needs during childbirth and subsequent birth of the child, depending on Company's economic situation, it agrees to donate a single payment consisting of a basket with items for the care of the newborn and mother in this period with a maximum value of two thousand Dominican pesos (RD \$ 2,000.00).

9.4. The Company agrees to increase the half-time set forth in Article 243 of the Labor Code to the pediatric care of the baby, to a full day each month, the WORKER must notify two (02) days in advance to the Human Resources Department and whenever the appointment established for pediatric care coincides on a weekday. This benefit will apply for twelve (12) months from the birth of the child.

9.5. the Company agrees not to exercise the termination without cause against women during the pregnancy period and up to three (3) months after giving birth.

ARTICLE 10: TERMINATION OF EMPLOYMENT CONTRACTS.

10.1. The parties: Company and Union recognize that work is a fundamental human right, so we are committed to a united effort and do all matters and things in place, both locally and internationally, to increase and or maintain jobs created by the Company and to implement alternatives to prevent personnel reduction.

10.2. If a worker for reasons beyond their control will see the need or obligation to resign due to studies, illness, travel or a better employment offer; the Company will agree to pay the proportion of acquired rights.

10.3. If the Company reduces its personnel for any reason, it will be committed to reinstate that personnel, pro-rated or totally, pursuant to the needs of the Company, once the causes for such reductions cease. If possible, such reinstatement will correspond to the prior category of the worker.

Such personnel will enjoy preference to be hired without the Company being committed to rehire them if other candidates present better experience or capacity. For purposes of reduction meaning, it refers to the application of provisions of Articles 121,142 and 143.

ARTICLE 11: FESTIVE ACTIVITIES, CULTURAL, SPORTS AND ENVIRONMENTAL PROTECTION

11.1. Depending of the Company's economic situation, it could agree to organize with the Union in the Christmas period a party for the workers, which will have a value of seventy-five thousand pesos (RD \$ 75,000.00), the fund will be managed by the Commission.

11.2. The Company agrees to donate uniforms and sports equipment to form two teams, a baseball or softball and one in volleyball, as well as fund two sports events a year with a maximum of five thousand pesos (RD \$5,000.00). The Union agrees to keep such uniforms and equipment in good conditions and the Company will be mandated to replace them each three (3) years.

11.3. The parties recognize the importance of maintaining a healthy environment and ensuring sustainable development and therefore undertake to make one (1) activity per year to help in the community's efforts in this regard. To accomplish that, the Company will give a financial contribution to the Union that includes transportation costs, snacks for a maximum of 30 workers for each activity to be performed, provided that such activities are conducted outside working hours.

These activities could be conducted under the coordination of the Ministry of the Environment, under whose direction is choose the place and the work to be done, whether cleaning, reforestation, preservation of species, etc..

ARTICLE 12: SOCIAL AFFAIRS AND UNION DONATIONS

12.1. Company agrees to sponsor an activity to commemorate International Labor Day in the amount of RD \$ 125,000.00 distributed as follows: (a) a raffle for the workers and (b) host a social event for the employees in connection thereto in a manner consistent with past practices (c) provide annual support to the local and national union federation.

This raffle will be coordinated by the Commission.

Also, the Company will grant the Union a cubicle inside the plant equipped with a desk, a file and a fan, which will be used for the functions of the Union within the plant, the cubicle will be restricted to the Union, such space may not be used by any other person without written authorization from the Company. Such cubicle can be utilized during breaks and during working hours with prior approval of management. The Union agrees to preserve such cubicle and the equipments granted by the Company.

12.2. **LEARNING CENTER:** In order to promote community development, taking into account that access to technology and Internet use are part of the toolkit of this century, for a proper development and education, the Union and the Company agree to work together in the establishment of a Learning Center, which will bring online search services, printing, and

management courses for computers and other related services free of charge to workers, workers' children and the community. The Company is committed to provide a donation of five (5) computers and a printer at a mutually agreed upon date, in order to kick off the first stage of the opening of our community Learning Center.

12.3. COOPERATIVE: Company is committed to provide reasonably required facilities to the Union for the promotion and establishment of the Coop for Altagracia's workers. Once the Coop has been established the Company will give reasonably required logistical support and facilities possible for the proper functioning thereof, and will make the saving deductions via payroll corresponding prior written permission of the workers. The Company agrees to a semiannual review of Alta Gracia financials and agrees to the following: scheduled seed funding of the Coop: (a) upon 6 months of break even financial performance the Company will fund RD \$150,000. (b) upon completion of six (6) months profitable performance the Company will fund an additional RD \$150,000 of seed money for the conformation and constitution of such cooperative project. If the financial situation of the Company does not meet the expectations, the Union on behalf of the employees will authorize to cut part of the benefits receive for the Labor Day Celebration RD \$45,000, plus RD \$30,000 from the Christmas Party funds. With the total amount of RD \$75,000 the Union will then start the cooperative.

ARTICLE 13: HEALTH AND SAFETY AT THE COMPANY.

13.1. The Company agrees to yearly perform a medical operation (general, dental and ophthalmology) at the Company's facilities to provide primary care for workers, and to verify the cases of accidents, occupational diseases or any other health condition. The participation of each employee is voluntary and such medical operations will be held on Fridays after the workday, with a prior notice from the Company to all employees.

13.2. The parties agree, in order to comply with the provisions of Law 87-01, the General Law of Health, the Health and Safety Regulation in the Workplace, the creation of the Committee on Occupational Health and Safety and Occupational Health, which will be operational within a period not exceeding thirty (30) days of the adoption of this Collective Agreement. The Committee shall be composed in equal parts by four representatives of management of the Company and four representatives of the Union, which may be accompanied by their advisers if the case so demands.

It was also agreed that the parties may replace its representatives and / or consultants and shall make known to the other in such a situation. The Union and the management of the Company will announce the names of their representatives and, once named, both parties or one shall inform the creation of the Committee to the Directorate of Industrial Safety and Health Ministry for Labor for the purpose of swearing in of members and sign a Working Agreement between the Agency and the Committee, with the consent of its members.

The functions, basic policy guidelines and Regulation of Occupational Health and Safety and Health Company, shall be approved by the committee at its first session.

ARTICLE 14: PRODUCTIVITY, WORKING CONDITIONS AND TRAINING.

14.1. For the purposes of this Collective Agreement Continuing Education means the set of training activities that develop the Company through the procedures set out in General Policy on Training and Human Resource Development, aimed at both improving skills and qualifications and to the reclassification of the workers, that facilitate the reconciliation of the Company more competitive by improving working conditions, salaries individual worker training, and labor skills are defined as the knowledge, skills , values and attitudes in accordance with the requirements of the Company, a worker must meet to be competent in the development of an occupation of the place of work. Continuing education preferably based on skills.

14.2. The Company shall receive and evaluate the suggestions and proposals made by the Union in order to promote, encourage and contribute to the Continuing Education Annual Plan and will consider it for implementation.

14.3. The Human Resources Department may coordinate the necessary permits involving the workers in the processes of learning. It is the responsibility of the same department to publish and promote the Continuing Education Plan and its implementation schedule.

14.4. The Company shall comply the legal requirements with respect to INFOTEP.

ARTICLE 15: CLAIMS, COMPLANS AND CONCILIATION PROCEDURES

In case of any claim or conflict regarding the application or interpretation of this Collective Bargaining Agreement or any other issue related with working conditions, the following procedure is established.

15.1.1. Joint Committee and Conflict Resolution: Company and Union agree that the Commission is the highest level of dialogue between the parties.

The commission is the agency of interpretation of this agreement in the full scope of its application; it must resolve any dispute arising in connection with the application of this collective agreement, and have, among others, the following functions:

a) Discuss and review their internal agreements on operating regulations parts (but not including any amendment to this Collective Bargaining Agreement).

b) Discuss, review and to otherwise deal with any matter concerning the application and interpretation of this Collective Bargaining Agreement (but not including any amendment thereof).

c) Any difference of conflict that may arise due to the conditions of the work going on in the Company, and the duties and rights guaranteed by Dominican laws and this Agreement. The joint committee shall meet regularly one (1) time per month and special meetings as needed or required by the circumstances. In emergency

cases, members of the Joint Commission are required to participate in relevant meetings in order to settle disputes that might escalate into serious conflict.

d) In the event of any tie or deadlock regarding a decision or action of the Joint Commission, the CEO, COO or CFO of Knights Apparel would meet with a non legal representative of the Union to mutually negotiate in good faith to resolve the deadlock.

ARTICLE 16: DURATION

16.1. Duration: This Collective Agreement will run for two (2) years from the date of signature. The termination of this CBA automatically modifies the conditions of the employment agreements recognized herein.

16.2. The present collective agreement shall be reported in accordance with the provisions of Article 115 of the Labor Code; that is, two months in advance.

16.3. Pursuant to Article 124 of the Labor Code, the present collective agreement can be reviewed in the course of its validity in cases in fact occur through no fault of either party, if such changes have not been provided and whether the party seeking review have foreseen, had been forced or under different conditions had not engaged. The review shall be made by mutual agreement or, if this is not possible refer to certain titles relating to economic conflicts and the procedure to solve it.

16.4. Under the principle of good faith for the future negotiation of this collective agreement, the Company agrees to provide, at discretion, the Union the information that allows the Union to develop proposals consistent with the actual conditions of the Company.

[Signatures follow.]

In the city of Villa Altagracia, Municipality of San Cristobal Province, Dominican Republic, this ____ day of the month _____ the year two thousand and thirteen (2013), the undersigned execute and deliver this Collective Bargaining Agreement.

BY THE COMPANY:

BY THE UNION:

BY THE FEDERATION
