

**every garment
can make a difference**

**ALTA
GRACIA**

KA
KNIGHTS APPAREL

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Executive Summary

After 2 years of intense preparation, Knights Apparel would like to introduce you to our new brand, **ALTAGRACIA**.

ALTAGRACIA will satisfy a consumer demand for people that want to show allegiance to their university, and, at the same time, buy a product that is tied to a socially responsible cause! With your support we are ready to bring this brand to market phasing in with Back to School 2010.

ALTAGRACIA apparel means Freedom from Poverty thru Job Creation, paying Living Wages, and Education. Wages for the workers that provide for All life's necessities for the health and well being of themselves and their Family! Food, clothing, housing and energy, transportation, childcare, healthcare and Education for their children. Education is their greatest hope for a better future!

The brand, **ALTAGRACIA**, will provide t-shirts and fleece made at a factory that pays its workers a living wage, fully respects their associational rights, and meets all university labor standards – with independent verification of compliance by the Worker Rights Consortium.

The location of this facility is in a village called **ALTAGRACIA** located about 1 ½ hours from the capital city of Santo Domingo in the Dominican Republic, utilizing two buildings that previously housed garment factories. The buildings have been vacant for a number of years and required significant investment to upgrade to acceptable standards. Extremely high unemployment marks this area of the country and this facility will provide much needed jobs for the area.

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Executive Summary

The last two years has been an interesting journey as we attempted to bring this brand to life, working with various organizations both in the U.S. and the Dominican Republic, including the Workers Rights Consortium (WRC), Fundacion Laboral Dominicana (Dominican Labor Federation) (FLD), The Maquiladora Health and Safety Support Network (MHSSN), and Fedotrazonas. Working along side these organizations from day one has made this project possible.

In addition, without the continued patient support from the university and Bookstore community, this project could not have been seen through to become a reality.

The phased start up of our facility is underway and we will be contacting all of our accounts over the next several weeks to work through detailed rollout plans. Once full production is achieved, creating an on going demand to utilize the capacity of this factory will be critical, and candidly the only way this initiative becomes sustainable.

You have heard the saying that it takes a community to raise a child, and certainly that applies to this project. The support of the student community, the university community, the Bookstore community, and the labor rights community has made this project possible and their on going support is critical to our success.

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Key Element Update

1. Doing Good is Good Business
2. **ALTA GRACIA** Apparel – What makes it unique and what important socially responsible cause does it support?
3. Marketing and Communication
4. Wages and Benefits
5. Verification and Transparency
6. Product and Timing

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1. Doing Good is Good Business

Shareen Hertel, UCONN: research on Public Opinion on Ethical Consumption:

- *“Roughly 75% of the study sample said they would pay more for a garment made under better working conditions. ”*
- *“A sizeable majority (62%) report that they are willing to pay at least \$5 more, and more than 1/3 of Americans report that they would be willing to spend \$10 more, for a sweater made under higher standards. ”*

2006 Cone Millennial Cause Study:

- *“89% of millennials are likely or very likely to switch from one brand to another (price and quality being comparable) if the second brand is associated with a good cause”*

October 2009 Global Edelman Good Consumer Study:

- *“Despite the recession, an increasing number of people are spending on cause related products even if they’re more expensive.”*
- *“2 out of 3 (67%) globally say they would switch brands if another brand of similar quality supported a good cause”*

Kellie McElhaney, founder of Center for Responsible Business at the Haas School of Business at Cal Berkeley, “Just Good Business”:

- *“Particular demographics of consumers have proved their willingness to spend more, remain loyal and prefer brands that support a cause or an issue about which they care deeply.”*

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1. Doing Good is Good Business

Marketplace Cause Related Brands

<u>BRAND</u>	<u>EMPHASIS</u>	<u>PARTNERS</u>
Product Red	Focus on AIDS in Africa	Converse, Gap
Ethos Water	Providing Clean Water	Starbucks
Fair Trade Coffee	Better Life for Families and Communities	Wal-Mart, Sams, Starbucks, Dunkin Donuts, McDonalds
	Freedom from Poverty thru Job Creation, Living Wages, and Education	Independent Bookstores Barnes & Noble Follett's

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2. ALTA GRACIA Apparel:

What Makes it Unique and What Important Socially Responsible Cause Does it Support?

ALTA GRACIA apparel satisfies a consumer demand for people that want to show allegiance to their university and at the same time want to buy a product that is tied to a socially responsible cause.

ALTA GRACIA apparel means FREEDOM from POVERTY through JOB CREATION, LIVING WAGES, and EDUCATION.

ALTA GRACIA apparel means guaranteeing that the people making the garments receive wages and benefits that allow them to provide for all life's necessities, for the health and well being of themselves AND their family.

ALTA GRACIA apparel means being able to provide their FAMILY with food, clean water, clothing, housing and energy, transportation, childcare, and healthcare.

ALTA GRACIA apparel means wages and benefits to the workers making the garments that allow them to be able to afford to send their children to school to get an education and create hope for a better future.

ALTA GRACIA is not just another brand calling itself “socially responsible”. **ALTA GRACIA** is also unique in that the brand was developed in cooperation and consultation with labor rights advocates. This is unprecedented – no company has ever worked to develop a brand in partnership with organizations like the Workers Rights Consortium, United Students Against Sweatshops, and the Fedotrazonas union federation. And, no product has ever been brought to market in the United States that enjoyed the trust of such independent labor rights groups.

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3. Marketing: What the Consumer Wants

- *“CSR reporting and branding are 2 completely separate things. The typical CSR report is unsuccessful as a vehicle to communicate to consumers. Starbucks publishes a brochure and places it conveniently where customers wait to pick up their drinks, but it talks about things like labor standards and fair trade – things the average consumer just doesn’t understand.”*

Kellie McElhaney – Just Good Business

- *“Consumers want simple messaging, consistent messaging and simple actions that they can do to become a part of your process, and change the world.”*

Kellie McElhaney – Just Good Business

- *“All the research suggests that creating a Web presence for CSR messaging is critical because that’s where people are going first when they are researching a companies CSR message. Internet is where they go to see if you can back it up.”*

Kellie McElhaney – Just Good Business

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3. Marketing: Our Strategy

(Traditional Brand and Outreach)

ALTA GRACIA has hired two advertising and communications firms that have deep experience in cause-related marketing to provide the following:

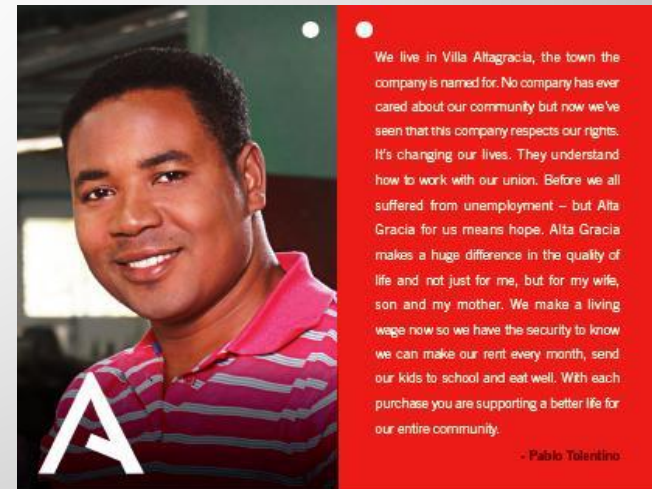
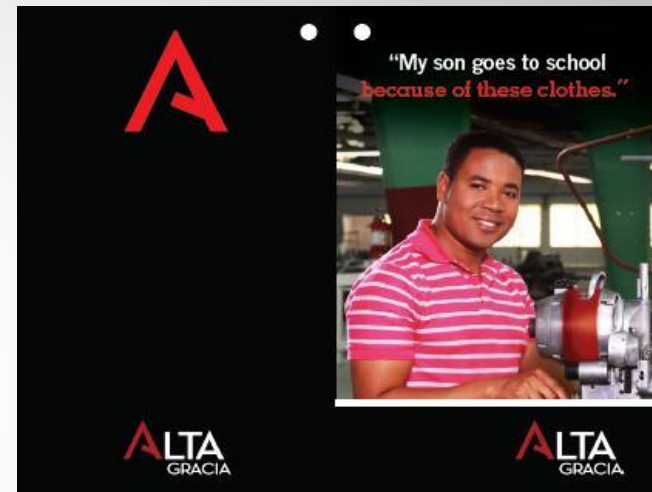
1. In-store Point of Purchase to be supplied to Bookstores.
2. Hangtags that communicate the social cause **ALTA GRACIA** apparel benefits
3. Public relations plan to establish relationships with selected newspapers, including press releases to campus newspapers etc.

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Marketing: Examples

- Header Cards
- Hang Tags

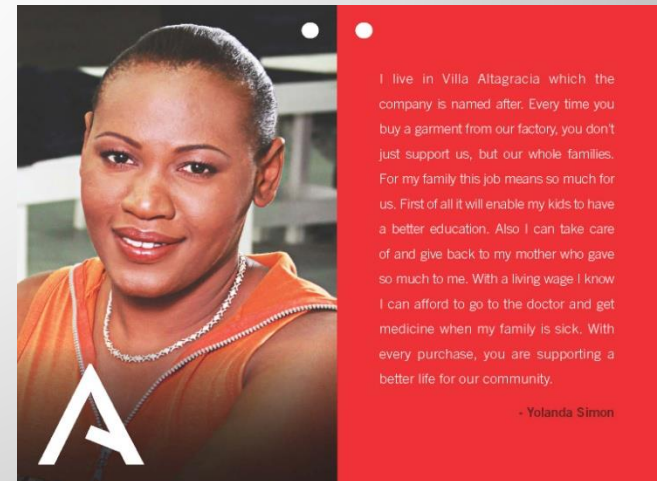


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Marketing: Examples

- Header Cards
- Hang Tags



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3. Marketing: Our Strategy

(Web and Social Media)

A core principle of social media is to engage your audience where they are already congregating-
"fishing where the fish are."

We're developing a robust web site and communications strategy that includes:

ALTA GRACIA.com Features:

- Take a virtual tour of the factory
- Link to bookstores and universities offering **ALTA GRACIA** apparel
- Provide opportunities for supporters to learn about wages, benefits and working conditions for the people making **ALTA GRACIA** apparel.
- Connect and engage with the brand via user-generated content

Social Media/Social Networks

- Establishing a presence on social networks such as Facebook and Twitter to communicate updates, engage with supporters and launch initiatives and be a part of the online conversation
- Working with relevant bloggers and student organizations to build the brand, and encourage spreading the word
- Online advertising

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4. Wages and Benefits:

The **ALTA GRACIA** factory will NOT only pay wages that are required by law but, EVERY employee will be paid no less than a LIVING WAGE. The in depth market basket study that was used to determine the living wage was performed by the WRC.

ALTA GRACIA will provide WAGES and BENEFITS to every employee to cover the cost of meeting a FAMILY'S needs in the following categories:

- Food and Water
- Housing and Energy
- Clothing
- Healthcare
- Transportation
- Childcare
- Education
- As well as funds for savings and miscellaneous discretionary spending

A Living Wage is a wage that provides for the health and well-being of a worker and his or her family, including food, clothing, housing and medical care, and necessary social services. (*Article 25, Section 1, Universal Declaration of Human Rights*)

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4. Wages and Benefits:

What Does Living Wage Look Like in Terms of Dollars?

- The legal minimum wage for apparel workers in the Dominican Republic is less than \$150 per month.
- A Living Wage for a family in the Dominican Republic, as determined by the WRC, is \$510 per month, 340% of the minimum wage.
- The Dominican Republic Living Wage study used the preferred social science methodology: detailed local market-basket research. Novartis, the first global corporation to adopt a Living Wage for overseas workers, built its program around a similar market-basket study, working in conjunction with the Business for Social Responsibility.
- Associational Benefits: **ALTA GRACIA** respects workers' right to freedom of association and we fully understand how crucial this issue is to workers and labor rights activists. The brand is committed to the highest level of respect for the right to organize and bargain collectively and, as will be explained, **ALTA GRACIA** has an agreement with a leading independent union federation in the Dominican Republic concerning factory access for the union.

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5.Verification and Transparency

ALTA GRACIA has taken extraordinary steps to engage and work with leading independent labor rights groups, NGO's, Health and Safety experts and Unions to ensure that verification and transparency regarding the wages, benefits and working conditions of the people manufacturing **ALTA GRACIA** apparel. These groups include:

- **The Maquiladora Health and Safety Support Network (MHSSN):**

- Occupation health and safety professionals, working with management and workers to provide health and safety expertise.

- **Fundacion Laboral Dominicana (Dominican Labor Federation) FLD:**

- This NGO is a leading non profit labor rights research and education organization in the DR.
- Financial planning for workers, including access to banking and savings options.
- Employee rights and responsibilities with a focus on freedom of association, collective bargaining, and worker-management communication
- Will conduct workshops for managers and supervisors on freedom of association and labor rights compliance
- Will conduct worker interviews off-site every five weeks to identify any problems.

- **Fedotrazonas:**

- A national union federation in the Dominican Republic
- **ALTA GRACIA** and Fedotrazonas have agreed to:
 - Provide union representatives with access to the facility
 - Adopt an open attitude toward workers' exercise of their associational rights

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5. Verification and Transparency

The Workers Rights Consortium

The WRC has been playing, and will continue to play, a critical role in the verification and transparency of wages, benefits and working conditions for the people manufacturing **ALTA GRACIA** apparel, including:

- Bringing together key stakeholders – students, worker representatives, and NGO's – to support the project and help **ALTA GRACIA** establish solid working relationships with these constituencies
- Facilitating communication between **ALTA GRACIA** and local labor leaders
- Performing the detailed living wage analysis for the factory
- Providing close guidance to **ALTA GRACIA** and factory management on best practices to ensure labor rights compliance
- Working with local worker representatives and **ALTA GRACIA** to develop a hiring protocol to ensure fairness in the hiring process
- Serving as the primary independent monitor. Because of the organization's reputation for vigilance and independence from the industry, the WRC will be able to provide credible verification to the university community and consumers that the standards are being met.

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5. Verification and Transparency

WRC Verification Hang Tag



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“We think **ALTA GRACIA** is an extremely important breakthrough not only for the collegiate apparel bookstore industry but especially for the workers in Villa **ALTA GRACIA** who sew the brand’s garments. The company respects its workers rights to organize a union and will pay a true living wage. **We’re going to promote it with students on every campus where we’re active so that students and their families as well as alumni support **ALTA GRACIA** as well .”**

Rod Palmquist

International Campaigns Coordinator United Students Against Sweatshops

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6. Product Offering and Timing

To be truly sustainable, a CSR program has to be profitable and to be truly socially responsible it has to contribute something good to society or to the environment.”

Kellie McElhaney – Just Good Business

In order for a product offering to be sustainable we have to build a brand that the consumer would want to buy even if it was not tied to a social case because of the product, quality, value, etc.

We have partnered with bookstore operators on:

- | | |
|------------------------|------------|
| * Fabric Quality | * Fit |
| * Fabric Weight | * Graphics |
| * Garment Construction | * Price |
| * Size Specifications | * Service |

Bookstores have said” we could sell that product just as it is, even if it were not tied to a socially responsible cause”.

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Junior's – Features & Benefits



STYLE: UJC0063

DESCRIPTION: UNIVERSITY TEE
FABRIC: 100% COTTON JERSEY

- “SOFT TOUCH” RINGSPUN COMBED COTTON
- CONTOUR FIT
- FULLY CONSTRUCTED... WE DON'T CUT CORNERS ON OUR SEAMS
- SIZE SCALE: S-XL



STYLE: UJH0205

DESCRIPTION: UNIVERSITY LONG SLEEVE TEE
FABRIC: 100% COTTON

- “SOFT TOUCH” RINGSPUN COMBED COTTON
- CONTOUR FIT
- FULLY CONSTRUCTED... WE DON'T CUT CORNERS ON OUR SEAMS
- SIZE SCALE: S-XL



STYLE: UJM0008

DESCRIPTION: PULL OVER HOOD W/ KANGAROO POCKET
FABRIC: CVC FLEECE

- “SOFT TOUCH” RINGSPUN COMBED COTTON
- CONTOUR FIT
- FULLY CONSTRUCTED... WE DON'T CUT CORNERS ON OUR SEAMS
- SIZE SCALE: S-XL

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Men's – Features & Benefits



STYLE: UMC0202

DESCRIPTION: S/S CREW TEE
FABRIC: 100% COTTON JERSEY

- “SOFT TOUCH” RINGSPUN COMBED COTTON
- ATHLETIC FIT
- FULLY CONSTRUCTED... WE DON'T CUT CORNERS ON OUR SEAMS
- SIZE SCALE: S-XXL



STYLE: UMH0207

DESCRIPTION: LONG SLEEVE CREW TEE
FABRIC: 100% COTTON JERSEY

- “SOFT TOUCH” RINGSPUN COMBED COTTON
- ATHLETIC FIT
- FULLY CONSTRUCTED... WE DON'T CUT CORNERS ON OUR SEAMS
- SIZE SCALE: S-XXL



STYLE: UMM0008

DESCRIPTION: PULL OVER HOODD W/ KANGAROO POCKET
FABRIC: CVC FLEECE

- “SOFT TOUCH” RINGSPUN COMBED COTTON
- ATHLETIC FIT
- FULLY CONSTRUCTED... WE DON'T CUT CORNERS ON OUR SEAMS
- SIZE SCALE: S-XXL

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