



Draft Partnership Agreement Fair Wear Foundation – Kwintet AB

This agreement (the "Agreement") is entered into by and between St. Fair Wear Foundation, having an office at Koningin Wilhelminaplein 13 in Amsterdam (The Netherlands), and Kwintet AB, having an office at Jörgen Kocksgatan 9 in Malmö (Sweden), in this agreement also referred to individually as a "Party" and collectively as "Parties".

This agreement describes the obligations of Parties related to the partnership. This agreement will replace the agreements made earlier with Kwintet KLM in The Netherlands, The Cotton Group in Belgium and Kwintet Far East in Hong Kong.

1. Background

1.1. Fair Wear Foundation

Fair Wear Foundation strives for good labour conditions in branches of industry of which the main manufacturing process is sewing, by joining forces of business associations, trade unions and NGO's.

Dutch garment supplier and retailer associations, trade unions, and non-governmental organisations (NGOs) founded FWF with the aim to create a neutral space to work on the improvement of labour conditions in the garment industry. Since business associations, trade unions and NGOs are equally represented in the decision-making bodies of FWF and because it engages with stakeholders in countries where production for affiliates takes place, FWF is referred to as a multi-stakeholder initiative. This broad participatory base in society gives FWF the credibility to perform its principal tasks, to verify whether member companies (Affiliates and Ambassadors) effectively implement the Code of Labour Practices.

Companies can join FWF if they are engaged in the branches of industry of which the main manufacturing process is sewing. Companies that operate in the European market, such as producers, distributors, wholesalers, and retailers can become a member company of FWF. Also manufacturers in producing countries where FWF is active can become an affiliate. FWF currently has more than 60 members based in seven European countries. Verification audits are conducted in 15 countries, with 80% of production concentrated in four priority countries: India, China, Turkey and Bangladesh.

Being a FWF member company implies the endorsement of the Code of Labour Practices (included in chapter 3) and acceptance of verification by FWF of code implementation. It guarantees to the public that the company makes sufficient effort to effectively improve labour conditions in factories where their entire product range is produced, and that in time conditions in these workplaces are brought up to the level of the labour standards outlined in the Code of Labour Practices.



FWF independently verifies the efforts and results of the member companies through audits of both factory conditions and the management practices of member companies.

1.2. Kwintet AB

The Kwintet AB supplies high-quality professional wear for all purposes and industries. On a daily basis several million people are wearing garments from the Kwintet AB whilst doing their job. The professional wear solutions are sold under well known brands such as Fristads, B&C, Kansas, Wenaas, KLM Kleding, Adolphe Lafont, Hejco, Bragard, Clinic Dress, Kwintet Solutions and A-Code. Customers are located mainly in Europe and the United States.

Kwintet AB has recently changed its organizational set-up from a divisional to a regional structure supported by a global marketing organization. Kwintet AB started to promote the Kwintet corporate brand identity and position itself even stronger, serving as an umbrella to a strong portfolio of brands.

The Kwintet's new corporate brand identity will be associated with a strong CSR policy, which is an important value within the group and about to become a critical part of the company image and communication. Kwintet AB as the leading company, will differentiate itself significantly in the work wear industry and will be recognized for its ambitious CSR approach.

2. Goal of partnership

The goal of the partnership is a mutual beneficial cooperation that strengthens the missions of both organizations. FWF offers Kwintet AB external verification, which provides legitimacy and credibility to Kwintet's CSR approach and helps Kwintet to realize its ambitious CSR goals. FWF gains access to new markets, stakeholders and resources and thereby strengthens its position as a leading European verification initiative. Closer cooperation can push social compliance forward in work wear/clothing industry and push sustainable procurement in Europe forward.

3. Code of Labour Practices

At the heart of the cooperation is the FWF Code of Labour Practices. Upon signing this agreement Kwintet AB becomes an affiliate of FWF and agrees to implement following labour standards in its factories and agrees to put sufficient and effective efforts into ensuring that this code is followed by its contractors, sub-contractors, manufacturers, and licensees.

The Code of Labour Practices is based on the conventions of the International Labour Organisation (ILO) and the Universal Declaration on Human Rights. In the text below, references are made to specific conventions. Where clarifications of ILO Conventions are required, FWF follows ILO Recommendations and existing jurisprudence.



3.1. Employment is freely chosen

There shall be no use of forced, including bonded or prison, labour. (ILO Conventions 29 and 105)

3.2. There is no discrimination in employment

Recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps. (ILO Conventions 100 and 111).

3.3. No exploitation of child labour

There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years. (ILO Convention 138) "There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [in the age of 15-18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals." (ILO Convention 182)

3.4. Freedom of association and the right to collective bargaining

The right of all workers to form and join trade unions and bargain collectively shall be recognised. (ILO Conventions 87 and 98) Kwintet AB shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions. (ILO Convention 135 and Recommendation 143)

3.5. Payment of a living wage

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131). Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.

3.6. No excessive working hours

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime

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shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate. (ILO Convention 1)

3.7. Safe and healthy working conditions

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible (following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.

3.8. Legally-binding employment relationship

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programmes.

Kwintet AB shall stipulate that contractors, sub-contractors, manufacturers, or licensees who demonstrably fail to comply with one or more of the standards laid down in the Code of Labour Practices, take appropriate measures to ensure that the situation is improved. If there is no other solution, the offending party shall be sanctioned by cancellation of its contract, thus prohibiting it from producing or organising the production for Kwintet AB.

Kwintet AB declares that it agrees to independent verification of its compliance with the Code of Labour Practices and in that regard undertakes to follow the instructions of FWF.

4. Obligations of FWF

1. External verification;
Verification audits: FWF conducts verification audits at the manufacturing companies of Kwintet AB. In the course of three years, verification audits are conducted at factories, part of Kwintet's preferred supply chain, that together represent 10% of the production of the Kwintet AB. Verification audits take place at factories that are selected randomly or selected in order to follow up on complaints of non-compliance with the Code of Labour Practices. A factory can also be selected if it is a major supplier to Kwintet AB.

2. **Complaints procedure:** FWF has a complaints procedure, which is operational in the production countries where FWF is active. The procedure enables workers or their representatives to make a complaint to a local FWF complaints handler about working conditions and the way the Code of Labour Practices is implemented in the factory. FWF handles the complaints according to the complaints procedure (see annex 1).
3. **Management system audits:** FWF carries out, every 12-18 months, a management system audits (MSA's) at Kwintet AB. During an MSA, FWF assesses the effectiveness of the Kwintet's system for implementing the Code of Labour Practices in their supply chain.
4. **Reporting:** FWF's policies, country strategies, activities and methods, complaints received and the key elements of their outcomes, annual social reports of member companies and assessments of companies' performance are published on the FWF website and summarized in the annual report.
5. **Advice and support for improving conditions in factories;** FWF provides feedback on the work plan, supplier registers and annual social report drawn up by Kwintet AB. Furthermore FWF gives Kwintet advice and support on solving factory-based problems.
6. **Access to country-specific labour condition data to improve sourcing decisions;** Commissioning and updating country studies regarding the production countries where FWF is active, identifying the main problems in the area of labour practices.
7. **Provide time-saving templates for communication with suppliers, reporting and work plan development.**
8. **Provide platform to share best practices with other companies;** FWF yearly organizes at least one event where staff from Kwintet can meet with other FWF member companies and exchange information and learnings.
9. **Prevention of double auditing through cooperation with other initiatives.**
10. **Provide FWF marketing toolkit & communications materials.**
11. **Cooperate with Kwintet marketing staff to define and execute specific marketing & communication activities benefiting both parties such as joint exposure at the A+A in Düsseldorf October 2011.**

5. Obligations of Kwintet AB

All FWF member companies are required to adjust their management systems in order to allow effective implementation of the Code of Labour practices.

The management system requirements that shall be met are:

6. Communication and confidentiality

Being an affiliate of FWF is a guarantee to the public that a company makes sufficient effort and achieves results to implement the Code of Labour Practices throughout its supply chain. FWF requires Kwintet AB to publish information regarding FWF membership. For possibilities and conditions relating to communication about FWF participation please refer to the Manual for Affiliates and the Communication Policy for Affiliates.

For every affiliate, FWF will publish and keep updated:

- a) the name and brands of the company;
- b) the number of production sites and the countries in which they are located;
- c) the number of production sites audited by FWF;
- d) results of management system audits including the outcomes of audits carried out by FWF audit teams.

In addition to the communication mentioned above FWF and Kwintet will periodically (at least every 3 months) discuss joint marketing and communication opportunities. A detailed plan and list of activities will be defined and executed. Notes of these discussions will be made for follow up and evaluation purposes.

Kwintet AB will through the membership be entitled to refer to FWF affiliation from any part of its brand portfolio. The entitlement is not limited to the brands mentioned under section 1, as it is possible that new brands are created in the future, not the least through acquisitions.

Transparency is a governing principle of FWF, without prejudice to legitimate commercial confidentiality. For FWF this implies transparency about FWF's policies, country strategies, activities and methods, complaints received and the key elements of their outcomes and about Kwintet's performance.

FWF shares experiences regarding implementation of its Code of Labour Practices and outcomes of its verification activities with stakeholders in production countries and with organisations, which endorse the objectives of the foundation. However:

- o FWF respects the confidentiality of business data such as the factory register. Business data obtained in the process of verification other than those mentioned above will be kept confidential and will under no circumstances be published or passed on to others than FWF staff, with the exception of public reporting on code implementation. FWF's reporting will be based on the Code of Labour Practices, and on FWF's practices regarding public reporting.
- o FWF respects the confidentiality of information obtained from and about workers, through audit interviews and otherwise, and will under no circumstances jeopardise their anonymity. Interview reports and other data will not be made public.



7. Terms and termination

This agreement will become effective as of 1-7-2011 and replace all other agreements with any Kwintet entity. Kwintet AB and FWF agree to enter this partnership for a period of two and a half years. At the end of this period parties agree in writing on the continuation of the partnership. A long-term relationship contributes to the process of improving labour conditions in factories as this takes endurance and perseverance.

Yearly FWF and Kwintet evaluate the partnership in order to determine whether or not parties meet their obligations and to discuss if expectations regarding the partnership from both sides are met.

Both parties have the right to terminate the agreement with three months' notice if expectations are not met. The termination process includes extensive contact between the parties on how to settle and thereby, to the greatest extent, avoid a termination.

8. Membership fee

Kwintet AB will pay 23 500 EUR for the period 1st of July to 31st of December 2011. After that, 47,000 EUR will be paid per year until 31st of December 2013.

For using FWF trained audit teams please refer to the FWF financial terms for audits.

FWF also offers training seminars for member companies including all elements of code implementation. Upon request we can conduct this training in-company. The investment for Kwintet AB ranges from EUR 250.- per person per day to EUR 2,500.- per day for an in-company training excluding VAT, travel- and lodging expenses.

9. Disputes

The laws of The Netherlands shall apply to disputes under this agreement. Disputes that cannot be settled amicably shall be submitted to the Amsterdam District Court.

10. Liabilities and indemnification

Each party shall be individually, separately and solely responsible for its own respective activities arising out of or in connection with this agreement, to be performed at its own risk and expense.

The undersigned, Kwintet AB hereby undertakes to indemnify and hold harmless Fair Wear Foundation from any and all actions, causes of action, suits, debts, duties, accounts, bonds, contracts, claims and demands whatsoever resulting from any action or omission.

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Fair Wear Foundation hereby undertakes to indemnify and hold harmless Kwintet AB from any and all actions, causes of action, suits, debts, duties, accounts, bonds, contracts, claims and demands whatsoever resulting from any action or omission.

The provisions hereof shall inure to the benefit of, and shall be binding upon the successors, assigns and representatives of each of the undersigned parties.

11. Annex


1. Complaints procedure
2. Manual for Affiliates
3. Partnership proposal FWF and Kwintet AB dated January 2011 (PowerPoint)

Kwintet AB

Mikael Sternberg, CEO

Date:

Signature:



Fair Wear Foundation

Erica van Doorn, Director

Date: 16-6-2011

Signature:

