

## Exhibit A

### Sweatfree Purchasing Consortium conference call. 10-20-10 Notes taken by Carol Bracewell

Consortium update:

Bylaws and budget adopted, Board of Dir elected, Incorporated in maine, applying for 501c3, created financial system, contracted for online database, Georgetown Law Center will research issues on sweatfree purchasing and the consortium.

Guest Speaker notes below:

{key: KA = Knights Apparel; AG = Alta Gracia; LW = Living Wage; DR = Dominican Republic; WRC = Workers Rights Consortium; Donnie Hodge, pres of COO of Knights Apparel. In textile industry whole career. Recruited to Knights Apparel. Largest supplier of collegiate apparel in the US. Exclusive with 25 top universities. NBA, NHL, Dallas, X-games, etc.

Source around the world. Active social compliance program. Outside auditing of them, stringent guidelines. All countries have a minimum wage but they typically pay above.

This project came up after talk with universities, WRC, USAS, etc.

They were asked... Why do apparel companies not pay living wages? LW is open to interpretation. Wages come out of retail or profit. If passed to retail, how many will pay the premium? They figured if the biggest company didn't do living wage, no one would. Believe in corporate responsibility. WRC had done LW studies in several countries.

Started to look into Haiti but many logistical problems. He had experience in DR. Developed the Alta Gracia brand. Name of a town in DR that has 95% unemployment. Former textile factory there, good location. Spent half million to create modular manufacturing simple products. Can add modules for harder products. Employing 150 people.

Everyone paid LW as defined by WRC. Every employee was pre-screened by wrc and outside firm so they had no corruption in hiring (nepotism).

Rolled out in bookstores, Barnes and Noble, Follettes, Duke. B&N and Follettes together have product in over 400 stores. Expanding to independents. Small orgs want to buy from a distributor with a network, so they talk to AG about sourcing.

Developed graphics targeting toward religious retail outfits with inspirational themes. Developed graphics that are edgy, like X-games, for younger people. Success depends on demand. Need to broaden demand base. Starbucks supplier has inquired, maybe for polos or aprons.

Teresa Haas, dir of Comm at WRC:

Independent monitoring for LA and San Fran cities. WRC did LW study in AG to set LW there. Calculated LW was more than 3.5 times legal minimum. Has Staff in DR and visits factory once a week. Hang tag placed on product that states WRC compliance. Factory has been exemplary in compliance.

Carol Bracewell Q:

Planning on distributor or direct sales? If so, what quantities?

Good Q. Distributors have Rep networks and active customers with that Dist. They aren't equipped to take care of all of them, but they'll sign a national distributor. They have national sales manager and their own rep network too. So, they want to be able to provide direct if they want to. Not equipped right now but are likely to build toward it. Currently capable of taking small orders. Will maintain stock of blank inventory in simple colors. Always available. , i.e, 500 t-shirt blanks can do.

Carmen in San Fran:

Sweatfree ordinance in place. Bid out contracts to 2 local primary vendors, i.e., firefighters, police, transit, parking, etc, required under MOU that there is a local vendor in town for the employees to order from. Would you be interested in working with the local subcontractors? They do some polo and t, but the way ordinance is written, there is cap for what goes under sweat free. \$25000 purchase value minimum or 10% of order. (Need to check on that for accuracy. Maybe Madison can talk more about their implementation.)

A: Sure, but would need more info. What makes it work is the unionized labor. One model for getting out blank inventory is selling to local vendors who wish to place a factory order. City can put vendors in touch with AG to make a plan.

Bjorn question:

What can you make yet at factory? Uniform products will be city apparel demand.

A: They started up with modules geared toward U bookstore and B&N, so the modules are Ts, fleece, that kind. That said, if it looks like there would be big business in uniforms, we could consider putting in a module for a new item. Aprons for Starbucks will require new module if that happens. If Consortium could identify top 3 items they'd need, AG can look at the model.

Carol: yes, ID a few key uniform types, maybe the Consortium can help streamline the product line across its members?

Donnie: AG could look at performance/ workout apparel if the products are needed. Hospital scrubs may be in demand in some places. If combined groups can buy significant numbers, they can see about providing the products.

Bjorn: Everything is competitively bid for cities. Has KA or AG worked in that situation?

A: Yes, we do bid process all the time. In another business Donnie has done competitive bidding in many arenas.

Maine Person:

Do you see end product cost is effected by LW and how much? How successful has it been in sales? Does KA run other factories or are they all contracted? Do you consider paying LW elsewhere?

Donnie:

This is only factory we really own. You have to own the factory to make this happen. We can approve a vendor but we're only 20% of their business, so ppl make different wages. Success depends on demand.

Balance is contracted out to pre-approved vendors. Yes, costs us more, generally fabric is 70% of cost. Wage at AG is 3.5 times labor rate than he pays for other garments. Depending on garment, it might increase 10-15% higher total cost overall.

In Bookstore business, they tried to set retail to be positioned within realm of other stuff. Other shirts might be \$18-22 so we set \$18 retail. So they are in the normal retail market. They make less profit but don't lose market. Organic cotton goes at 25-30% higher retail. THEY didn't want to be that much higher than retail. Things have sold well. B&N and Follettes think it's a success and want to expand product categories. B&N visited there to add categories. Sell through clearly must be worth it.

Q: Consumer research done?

A: University communities have been targeted marketing efforts and labelling, telling the story on the floor what the brand stands for.

If you support this kind of initiative, here's your chance. WRC and USAS have helped promote products.

If cities and states say they support this, here's your chance!

WRC: There has been a lot of academic interest and they've helped academics do studies. There will be a consumer interest study, so contact WRC for results.

Carol mentioned need for detailed vendor info on wages, hard to get it.

Donnie: Generally commented that whether they give it depends on how much they want the business. Do we require outside audit of vendors?

We can ask for factory audit. If they don't have one, it's a red flag.

Lian Maine: What percentage is AG of KA overall business? Can KA share factory info for other products or wage rates for other products?

D: AG is a single digit percent of KA since it's a startup operation.

Who knows in 3 years. Yes KA will tell retailers where the factory is. What do you pay this worker in this factory in China? Well, maybe, but of what value is that data, why do you want?... want it because if there is a minimum wage are you comparing me to minimum wage in that country, or comparing to what WRC LW study is? He'd need to talk about why we wanted to know. Suspicious Wal Mart would want to know to get a lower price.

Bjorn:

Mid-november call about Bangladesh, US Dept of Labor will have a rep on the call.

AG can send us info on the project and we can brainstorm some ideas.

Interest in continuing the conversation between AG and consortium about product needs and demand.

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