SKFK SUSTAINABLE BUSINESS DEVELOPMENT REQUIREMENTS

0. GENERAL NOTICE

Customer = SKFK
Supplier = Suppliers and its subcontractors

1. SKFK VISION

SKFK is guided by a growing commitment towards environmental and social issues, working towards a sustainable development together with its suppliers and collaborators at all levels of the value chain. SKFK expects your cooperation and commitment with such efforts.

SKFK is committed to promoting sustainable practices focusing on the use of environmentally preferred raw materials, considering product integrity and verification of product claims essential.

Environmental and social performance of our suppliers must comply with at least the applicable local, regional, national and international laws regarding working conditions, health and safety as well as environmental protection.

2. RAW MATERIALS REQUIREMENTS

a. Environmentally preferred fibers

Supplier must be able to source environmentally preferred materials by priority of the customer, such as those contained in the following chart:
b. Product integrity

The customer needs to reliably verify its product claims, that’s why any supplier of environmentally preferred materials must be able to provide the corresponding certifications or verification tools.

CERTIFICATIONS

The international standards we require for SKFK environmentally preferred products are the following:

+ ORGANIC FIBERS
  Fiber-flow certification: OCS 1000
  OCS Blended
  Full-product certification: Global Organic Standard (GOTS)

+ RECYCLED FIBERS
  Fiber-flow certification: Global Recycled Standard (GRS)
  Recycled Content Standard (RCS)

Prior to the production stage suppliers must present a copy of their company certificate (scope certificate) as a proof of being certified to the correspondent standard.

Once production is finished and ready to be sent, each shipment must include the corresponding transaction certificate or a method of tracking from the last point of manufacture. In the transaction document Atique Import S.L. must be the consignee of the product and the goods and amounts shipped to us must be properly identified.

IMPORTANT NOTE: When transaction certificates of organic or recycled fibers are not available or don’t comply with the requirements here stated (valid date, product references, volume of shipment Atique Import as consignee), supplier takes the responsibility to ensure that the final garments or accessories contain effectively such kind of fibers.

In case of legal issues regarding falsification of certificates or false product claims supplier will carry with the costs of the resolution. The provision of these fibers from supplier must be suspended until they can be effectively traced all the way up to the final product, being possible for customer to make true claims regarding organic and recycled content.

GUARANTEES FOR OTHER FIBERS: regenerated cellulosics

Customer also requires some guarantees for the sourcing of regenerated cellulosics.

Lyocell (Tencel™), Modal (Tencel™), and Ecovero used in the development of customers’ products must be sourced from Lenzing.

Supplier must specify the origin of the cellulosics used for customer’s products, providing the information about the mill developing the fabric and a proof of being Lenzing’s fibers and the corresponding certification number.
3. ENVIRONMENTAL AND SOCIAL REQUIREMENTS

a. Environmental requirements

Supplier’s facilities as well as their value chain partners (from fiber to final garment) must comply with all applicable environmental laws and regulations.

The factories should have an environmental management system or plan enforced.

The factory should ensure the management of products and processes from the point of view of health, safety and environmental aspects. There should be self-regulation, guided by appropriate codes, charters and initiatives integrated into all elements of business planning and decision-making, and fostering openness and dialogue with employees and the public.

The factory should have procedures for notifying local community authorities in case of accidental discharge or release or any other environmental emergency.

In order to protect the environment, the precautionary approach should be widely applied by the manufacturers according to their capabilities.

In addition, SKFK encourages suppliers to adhere any of the following international environmental management systems (or show a plan enforced)

ISO 14.001
OHSAS 18.000
EMAS

b. Social requirements

All suppliers as well as their value chain partners must comply with domestic regulations on labour conditions as well as international labor law - at least with the minimums stated in the nine core ILO conventions and the Universal Declaration on Human Rights.

No 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."

Employment is freely chosen
There shall be no use of forced, including bonded or prison labour.

Non-discrimination
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 association, union membership, nationality, social origin, deficiencies, or handicaps.
SKFK SUSTAINABLE BUSINESS DEVELOPMENT REQUIREMENTS

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.

Supplier 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.

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.

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.

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 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.

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. Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible. Supplier shall ensure a safe and hygienic work environment. Supplier’s workers must have access to clean drinking water, sanitary washing facilities and an adequate number of toilets, fire-extinguishers and fire exits. Workplace shall, as well, have adequate ventilation and lighting.

Harassment and abuse
Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.

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.
On top of these essential conventions, SKFK encourages suppliers to comply with at least one of the internationally acknowledged standards and keep improving labor condition beyond minimum standards throughout time.

- Social Accountability 8.000 (SA 8.000)
- Ethical Trade Initiative (ETI)
- Fair Wear Foundation (FWF)
- Fair Labor Association (FLA)
- Business Social Compliance Initiative (BSCI)
- Worldwide Responsible Apparel Production (WRAP)

**MONITORING COMPLIANCE**

Supplier authorise Customer to conduct scheduled and unscheduled inspections of their facilities or their subcontracted facilities for the purpose of ensuring with the guidelines contained in this document.

Documentation regarding employees must be available to be checked, as well as any records maintained by supplier.

Customer shall have the right to interview workers if needed.

**CORRECTIVE ACTIONS**

When violations to the terms in this document are found during the inspection Customer and the supplier will agree on a corrective action plan that eliminates the problem in a determined lapse of time. Being repeatedly in violation on any of the requirements stated can lead to the end of the relationship between customer and supplier, after reasonable dialogue with non-compliant suppliers.

**SUPPLIER AGREEMENT**

The provision of this piece of information is vital for the consideration of your company to be a supplier for Customer. The signal of this document confirms that Supplier understands its contents and agrees to undertake the obligations it sets fourth.

Please, return every sheet of this document signed.

Thanks in advance for your cooperation.

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