



Novo Hamburgo, June 14, 2010

U.S. Department of Labor (DOL)
Office of Child Labor, Forced Labor and Human Trafficking
Bureau of International Labor Affairs (ILAB)
200 Constitution Avenue, NW
Washington, D.C. 20210

Re. Request for Information Regarding Business Practices to Reduce the Likelihood of Forced or Child Labor in the Production of Goods

Dear Deputy Undersecretary Polaski,

The Brazilian footwear industries association, Abicalcados, hereby responds to the Federal Register notice of April 15, 2010 (75 FR 19659) requesting information for use by DOL in fulfilling its mandate under the Trafficking Victims Protection Reauthorization Act of 2005 (TVPRA) to 'work with persons involved in the production of goods made with forced or child labor to create a standard set of practices that will reduce the likelihood that such persons will produce goods using such labor'.

In addition to seeking information on government practices involving collaboration with private sector entities which operate to reduce the use of child and forced labor in the production of goods, DOL seeks information from the business sector on its child labor prevention efforts including

- (1) Codes of conduct,
- (2) Standards used to implement such codes including auditing/monitoring systems,
- (3) Supply chain management practices designed to monitor informal workplaces, homes, etc.,
- (4) Training modules,
- (5) Reporting practices,
- (6) Collaborative practices and strategies, and
- (7) Grassroots projects.

Under the TVPRA, DOL is required to maintain a list of countries and sectors for which it has 'reason to believe [that products] are produced by child labor or forced labor in violation international standards' (TVPRA list).

The initial TVPRA list was issued on September 10, 2009, in The Department of Labor's List of Goods Produced by Child or Forced Labor (TVPRA report), along with commentary and references to sources that DOL relied upon in compiling the list of countries/sectors found to meet the criteria of the TVPRA. The DOL's Procedural Guidelines for the Development and Maintenance of the List of Goods From Countries Produced by Child or Forced Labor (72 FR 73374, December 27, 2007) (TVPRA procedural guidelines) had been issued previously.

According to DOL, 'child labor' under 'international standards' means work performed by a person below the age of 15 (or 14 under certain conditions), as prescribed by International Labor Organization (ILO) Convention 138, as well as work performed by a person below the age of 18 in work types defined in ILO Convention 182, which include work which is likely to 'harm the health, safety or morals of children.'

Under the TVPRA procedural guidelines, inclusion on the list means that the DOL has determined, inter alia, that there is

- (A) a 'significant incidence' of child labor in the sector (i.e., not an 'isolated incidence' but not 'necessarily representing a pattern or practice in the industry as a whole'),
- (B) experience based, timely (typically information not more than 7 years old), relevant and probative supporting information from sources that are familiar with international labor standards and that have a reputation for accuracy and objectivity and
- (C) 'corroborated' information from multiple sources.

The TVPRA list includes for Brazil, footwear under the child labor designation.

Government Efforts in Brazil to Eliminate Child Labor. No country in the world has done more to eliminate child labor within its borders than Brazil. As the TVPRA report makes clear on page 31

The Government of Brazil has taken an exemplary, multifaceted approach to the elimination of child and forced labor. It has improved its legislative framework, enforced these laws effectively, established targeted action plans to combat child labor, forced labor, and trafficking in persons, supported private institutions working to combat these problems, carried out public awareness campaigns, and provided direct assistance to victims. The government participates in bilateral and multilateral programs to combat these problems in Brazil and with its neighboring countries. The government makes current labor inspection data publicly available and published a special supplement on child labor as part of its 2006 Household Survey. ***

Brazil has also achieved notable success in voluntary, private sector efforts to tackle child labor in specific industries. Collective bargaining agreements between employers and unions often include clauses against child labor, and the government has joined employers and unions in industry wide agreements. The Brazilian NGOs Ethos and the Abrinq Foundation award child labor free labels to companies that have eliminated child labor from their production chains and contributed to other efforts to end child labor. Finally, the Brazilian Association of Supermarkets exerts pressure on producers to adhere to labor standards.

Link between Stipends and School Attendance. Specifically, the Government of Brazil adopted several national programs including adoption of ILO conventions 138 and 182, laws banning work by person under 16 (except for apprentices), and under 18 for hazardous work, a national All Children in School program, as well as two programs designed to deal with one of the root causes of child labor -- poverty

- 'bolsa familia' was reorganized and much expanded by President Lula in 2003 and provides regular monthly payments to families with children of school age, 6-15, provided the family keeps all its children in school (although the child could also work in addition to school and still receive the payments), and
- a similar program, the child labor eradication program (PETI), now somewhat supplanted by the larger 'bolsa familia' regime, provides payments to families of school aged children, 7-14, engaged in the worst forms of child labor conditioned on the child attending school and not working.

Both programs have contributed significantly to reducing poverty and keeping many more children in school, with the 'bolsa familia' covering some 46.0 million individuals in some 11 million families.

There can be no doubt that the aggressive efforts of the Brazilian government to reduce poverty and condition welfare payments on school attendance by all children in a family has resulted in a sharp reduction of school age individuals working and not attending school.

Minimum Age for Shoe Sector Work, 16. The Government of Brazil has not determined footwear production to be a 'hazardous' activity within the meaning of ILO Convention 182. Thus, in Brazil and consistent with the ILO conventions, persons under the age of 16 cannot work in the shoe sector.

In 2008, the Brazilian government issued its decree spelling out sectors and activities under ILO 182 which it determined to be 'hazardous'. Like all manufacturers in Brazil, the shoe sector must abide by this decree and ensure that persons under 18 do not engage in any work declared 'hazardous' in the decree.

Apprentice Programs Supported By Brazilian Government. Thus, a person age 14 to 16 cannot be involved in a factory, unless such person is enrolled in a government approved apprentice program, which typically lasts for two years. Moreover, persons in such programs cannot be treated as workers but only as ones in a training course, and participants are strictly banned from any activities in the factory that might be deemed 'hazardous'.

To further ensure that young persons stay in school, many firms in the shoe sector only have apprentices who have reached 16, while others restrict such programs in their factory to persons of at least 18 years of age.

Apprentice programs are expressly mandated by the Brazilian government, which requires at least 5% of a factory's workforce at any given time to be persons in an apprentice program.

It also has invested heavily in vocational training for apprentices through its SENAI programs, which offer apprentices in depth education in the chosen sector, coupled with placement in a factory, often in conjunction with the apprentice continuing his/her regular education, depending on the person's age and circumstances.

We provide a translation in Annex 2 of the guidelines of the SENAI training, specifying the details of the program for the factory including delineation of those processes deemed inappropriate for persons 14 to 16 years of age.

There are extensive SENAI training programs for apprentices in the shoe sector in all of its clusters throughout Brazil.

Since such persons are not workers, but rather are in training, there can be no suggestion that such activities are in anyway inconsistent with the ILO conventions.

Tax Incentives for Private Efforts to Prevent Child Labor. Recognizing the important role that the private sector, especially business, plays at the local level in promoting education and after school programs for young persons in Brazil (and, thus, preventing child labor), the Brazilian government offers business the opportunity to deduct up to 6% of its taxable income and direct it to programs designed to advance child development. Indeed, the private sector Pro-Child programs in Franca and Birigui described below are funded, in part, by such tax favored donations.

Labor Ministry Conduct Commitments. To ensure full compliance with applicable tax, pay, and other factory operating government mandates, the Brazilian Labor Ministry, in some locales in Brazil, has entered into contracts with local manufacturers to limit the extent of outsourcing to workshops and homes (where only very limited specified procedures are permitted), conditioning compliance on a steep fine (of up to \$100,000 reals).

The agreements are enforced by the Brazilian public prosecutor's office, are at the cutting edge of law enforcement in the country, and are taken most seriously by all entities that enter into them.

These instruments, akin to consent agreements in the U.S., specify 16 years old as the minimum age of workers in all parts of the footwear supply chain, also require the business to execute contracts with the outsourcing entities that implement the terms of the commitment to the Labor Ministry for the outsourcing entities as well.

These agreements have been widely used in Franca and Birigui, both in the State of Sao Paulo, and a translation of one such agreement is set out below in Annex 3.

Public Education Programs to Prevent Child Labor. In some locales, the local enforcement authorities have used public education programs to develop awareness of the laws and penalties prohibiting the employment of underage workers.

One technique is the use of highway billboards in key shoe producing areas. A picture of one from a road in Novo Hamburgo is in Annex 4 below.

In Annex 5 below, we include a hard hitting pamphlet distributed by the state Labor Ministry in the Rio Grande do Sul, the state where Novo Hamburgo is located, which sends a clear and strong message --- 'Whoever Hires Children Kills Their Childhood.'

Although the message is mostly directed at preventing domestic employment of underage persons, the message is clear for all who might use children, whether in factories, workshops or homes.

Municipal Council for the Supervision of the Rights of Children and Teenagers. By law, all Brazilian municipalities must have such councils, and they are very active in all the shoe producing clusters in Brazil.

Typically appointed by the local mayor, the councils are made up of leading pro-child entities, including NGOs, workers union representatives, etc.

They formulate local policy for promoting child development in the locality, allocate funds, may order inspections by the local labor authorities to ensure compliance with Brazil's labor laws on children, select independent auditors that Pro-Child NGOs may engage to verify compliance with voluntary conduct codes on child labor, and can refer to the public prosecutor's office findings of possible child labor violations or complaints of possible child labor violations.

Abicalcados, the Brazilian Footwear Industries Association.

As the umbrella shoe organization in Brazil, Abicalcados represents the entire sector on national and international issues working closely with various regional footwear associations, as well as with Brazilian associations in the components, tanning and other related sectors.

It provides the Brazilian shoe sector with support and leadership on a wide range of activities including projects to enhance the sector's global competitiveness in productivity, design and sustainability. It is the sector's leader in communications, information, statistics and export promotion.

The shoe sector today encompasses some 320,000 direct jobs in Brazil in more than 8,000 companies, and represents some 5% of all Brazilian manufacturing jobs with a total sectorial GDP approaching some \$25.0 billion annually. Despite the large number of companies in the sector, nearly 60% of total production comes from the large factories, those having 1,000 or more workers, which group represents less than 1% of total companies.

Thus, the footwear is a leading manufacturing sector in Brazil and Brazil is one of the top three footwear producing nations globally, behind China and India.

Brazil is particularly well known internationally for its high quality women's and men's leather shoes and its high quality injection plastic footwear. Europe and the U.S. are the main export destinations, with growing markets in Latin America and the Middle East.

Footwear production takes place in several major geographical areas. Leading clusters are in

- the Vale dos Sinos in the State of Rio Grande do Sul, in the south of Brazil, where most women's leather shoes are made,
- two in the State of Sao Paulo, Franca, a largely rural area where men's leather shoes are made, and Birigui, also a rural area where children's and infants shoes are made, and
- two in the northeast of Brazil, Paraiba, where injected plastic items are made, and Cera, where much of the women's leather export product is produced.

Despite the global recession and the strong local currency, the real, which has risen dramatically against the U.S. dollar in recent years, the shoe sector in Brazil has kept both production and employment at historically very high levels, largely owing to the fabulous growth of the domestic market. In 2009, local consumption utilized some 85% of Brazil's shoe production, with the balance exported.

While exports continue to be an important factor in the sector, its large dependence on exports, as was the case in the 1980/90s, is long past.

The Commitment of the Brazilian Footwear Sector to the Elimination of Child Labor.

Building on the work of the Government of Brazil, the private footwear sector in the mid-1990s, led by the entrepreneurs in the nation's top shoe producing area around Novo Hamburgo in the Vale dos Sinos of the State of Rio Grande do Sul, helped launch and sustain an aggressive effort to eliminate child labor in the region. Similar efforts were also undertaken in both Franca and Birigui. The commitment to the elimination of child labor in the shoe sector continues at a high level to this day, and has been most successful.

The sector undertook a major campaign, working with state and local governments, many local and national NGOs as well as the ILO's International Programme on the Elimination of Child Labour (IPEC), local universities, church groups and its own business associations, especially, Abicalcados. A summary of the key business initiatives follows

- The shoe sector undertook to adhere to NGO **codes of ethics** that oblige company owners not to contract child labor and gives them responsibility for enforcing this ban in any workshop subcontracted by them (with the latter typically being enforced by teams of 'inspectors' that make periodic visits to workshops and subcontractors to check for working children). To ensure fair competition, virtually all company owners agreed to the code process. By its terms the codes are enforced by agreements between companies and their suppliers, which establish control and punishment mechanisms for entities that use child labor (See Annex 1 and 7 for examples of the arrangements with leading NGOs).
- Thus, many in the shoe sector partnered with a leading national Brazilian NGO, dedicated to eliminating child labor, the Abrinq Foundation, which over 85% of local shoe firms in the Novo Hamburgo region joined, while others partnered with similar NGO programs in Franca and in Birigui. Complying companies were authorized to use a 'Company Friend of the Child' stamp on their products and were honored publically with recognition of their success in ending child labor.

Perhaps the most important element of the overall effort in the Rio Grande do Sul was the success the shoe business had in stimulating aggressive and funded work by state and local governments and by local NGOs.

- The Association for the Well Being of Minors in Novo Hamburgo (ASBEM), a long standing local NGO, became the focal point for organizing involvement of local government, church groups, the local university, as well as partnering with IPEC on a \$200,000 project to bring all parties together to tackle the problem.
- It is clear that only the full involvement of government and NGOs at all levels coupled with the serious and sustained commitment of the shoe sector (somewhat, as a matter of survival in the international marketplace which would not tolerate child labor) could bring about, what is now the elimination of child labor in the sector.

- In fact, the principal ILO report cited by the DOL in the TVPRA report states that child labor no longer exists in the footwear industry factories or in its workshops.

It is indeed disconcerting for Brazil's highly conscientious shoe industry, that despite all its immense progress and exemplary efforts, it is still cited for child labor by the DOL in its TVPRA report.

This apparently is because the ILO did not verify in its 2003 study that there is no child labor in homes, which may have at sometime been used by some footwear subcontractors of factories.

As is made clear below, the NGOs that the sector works with, in the leading cluster areas, cover in their audits all levels of the supply chain, including any outsourcing and even home activity, in their programs to eliminate all child labor in any part of the Brazilian shoe sector. From the reports noted below, there is no evidence of persons under 16 working illegally in factories, workshops or even in homes.

It is also important to keep in mind that both programs noted below draw no distinction between work done for export or that for local consumption. Underage work is forbidden for all production.

'Pro-Crianca' Institute of Franca. As the code of conduct from this NGO in Annex 1 makes clear, the use of child labor by subcontractors, including any work done in homes, is prohibited, and the use thereof can result in the loss of Pro-Child labeling privileges.

With regular inspections by the NGO under the program (done by independent third parties, and now done every two months, covering all registered facilities), it is hard to imagine that the shoe producer would go to all the bother and expense of participation in the program only to use outsourcing that guarantees disqualification.

Indeed, the most recent audit of this program undertaken by professionals retained by the Municipal Council of Children and Adolescents' Rights of the City of Franca, for the third quarter of 2009, makes clear that the program is in high gear and is working according to plan.

The audit extended to both factories, where the minimum age of work at 16 was verified, and to outsourcing locations, including cottage industries including some homes, where the same work standard is applied. The audit covered 19 factory entities, 109 outsourcing entities, and seven schools, where 14 children were interviewed, which according to the universe of outsourcing entities with children in the 11-15 age bracket represented an adequate sampling.

In the factories the audit found that no entity used persons under 16 to work, and that the only persons under 16 in the factories were those duly authorized under law in the apprentice program for those at least 14 years of age, which persons are not treated as employees under the legal provisions of the program.

As to the outsourcing audits, the finding confirmed that there were no persons under the age of 16 working, and interviews with the children of outsourcing entities confirmed that all children regularly attended school, were performing well there and that none reported helping his/her parents with work conducted in the entity.

Entrepreneurial Institute of Support Formation For Children and Adolescents. Similarly, the not for profit NGO in Birigui, the children's shoe capital of Brazil (referred to herein as Pro Crianca de Birigui), retained the local university, the Faculdade de Ciencias e Tecnologia de Birigui, to do its extensive audit of 250 companies in November 2009, which covered virtually all facilities and workers in the shoe sector in the Birigui area. The Pro Crianca de Birigui commitment document is included in Annex 7.

The audit findings are similar to those in Franca. No workers under 16 were found in any factory, and those under 16 were duly enrolled in the professional apprentice program operated by SENAI-Birigui, an arm of the Brazilian government's training program.

It determined that only 19% of the firms did any outsourcing at all, and that everyone that did use outsourcing communicated directly with the outsourcing entity with the detailed requirements of the Pro-Crianca program, and that outsourcing to homes accounted for only 1.65% of such work.

Suggestions by Brazilian Shoe Sector Regarding a Standard Set of Practices That Will Reduce the Likelihood of Child Labor in the Production of Goods.

With nearly two decades of experience in aggressive efforts to prevent and eliminate under age work on its products, the Brazilian shoe sector is delighted to share its 'best practices' with the DOL.

While a number of actions are described herein and below, it is clear that not all actions are appropriate and necessary in all circumstances. Programs used at one time or in one area of the country, with a particular set of circumstances, may not be effective or well received at another time or in another part of the country where both customs and the prevalence of the problem may be quite different.

Accordingly, we offer our suggestions with the proviso that not all are appropriate in all circumstances.

- **Code of Conduct.** These voluntary programs are a leading measure to ensure that underage persons do not participate in the manufacturing process. The more comprehensive the program the more effective it can be and it should cover all parts of the supply chain. To ensure compliance, inspections/monitoring by independent entities is most effective.

(1)The codes of conduct from Franca and Birigui which follow in Annex 1 and 7 lay out the prohibition of employment of underage workers in factories, workshops and homes. They also provide for inspection by third parties to verify compliance.

(2)Also, nearly all customers of Brazil shoe exports to the U.S., EU, etc. have their own codes of conduct which prohibit involvement of underage persons in production of their items. These codes are typically accompanied by onsite inspections often by reputed third party firms.

- **Contracts with Subcontractors.** In the event that the factory engages entities outside the factory to perform manufacturing functions such as stitching, upper assembly, etc., a contract setting out all the terms of the engagement is most appropriate.

Among the terms that are essential is a requirement that no underage person be involved in the manufacture.

As appropriate, it is also proper to include a provision that no work may be outsourced to a third party including homes. (Alternatively, if such work not performed by the subcontractor is permitted, it may only be undertaken upon advance notice to the factory and only with its express permission. Any such third party must be required to comply with all terms of the agreement applicable to the original subcontractor.)

A translation of an example of such a contract is provided below in Annex 6.

- **Private Sector Child Development Initiatives.** In addition to clear rules for factory and outsourcing operations, and to inspection/monitoring of commitments, Brazil's NGOs provide invaluable services to help advance child development. These activities are a key component of the comprehensive role the NGOs play in Brazil in supplementing government and providing the platform on which young persons can develop alternatives to work, and to crime.

(1)The Pro-Child Institutes in Franca, Birigui and Parobe(in the Vale dos Sinos near Novo Hamburgo), have extensive child development programs typically supplementing regular education activities (public schools in Brazil typically operate on a 4.5 hour day, thus creating a half day for most students without schooling), largely occupied by these privately funded programs.

Typical of the programs offered by these institutes are structured recreation, musical and theatrical activities, language tutoring, academic support, computer training, and for teenagers, vocational training and skills development. The programs often work in conjunction with facilities and activities of SENAI and other non-school government programs.

(2) Similarly, both ABSEM in Novo Hamburgo (a private/government initiative to prepare teenagers for work and adult life), and Fundacao SEMEAR (a child support and development program for young persons and teenagers funded by the Novo Hamburgo Chamber of Commerce) provide a wide range of social welfare and activities for persons up to 18 years old including many of the programs noted above.

(3) Moreover, many individual companies in the shoe sector have their own social development programs for children and teenagers. Arteccla, Brazil's largest producer of chemicals for the sector and a not insignificant producer of safety footwear, funds entirely a program for dozens of Novo Hamburgo community teenagers at 'high risk' in a facility that it owns. It offers a nearly yearlong program of education and counseling, and possible apprenticeship in the shoemaking operation.

While others, like young girl's marketing specialist, Pampili in Birigui, provide after school programs with SENAI for all the sons and daughters of their employees.

Many other shoe enterprises, like women's shoe giant, Azaleia, have child care for the small children of their staffs and other programs for older children of their staffs and of the communities.

Conclusions. As noted, the Brazilian government has done more than any other country to prevent and eliminate child labor within its borders, attacking the root causes of such work, poverty and the culture of 'work is a blessing' by its unique programs of tying welfare payments to school attendance and through public education programs designed to change attitudes toward children in the workforce.


In addition, the shoe sector has taken its responsibility to prevent and eliminate child labor seriously for nearly two decades by working with NGOs, creating legal arrangements to ensure compliance, enlisting independent auditors to verify compliance, and helping to fund private child and adolescent development programs – principally to supplement public school education -- designed to build stronger, self confident young people, prepared for work and adult life as they mature.

Thus, the shoe industry in Brazil, represented by Abicalcados, has for decades been committed to using no child labor anywhere in its supply chain, including their own factories, and any outsourcing entity.

The result is clear -- child labor has been eliminated from the Brazil shoe industry and the sector is committed to preventing its return through compliance initiatives and to supporting pro-child programs to foster child/adolescent development and to create attractive and effective alternatives to discourage underage employment.

Respectfully submitted,

ABICALÇADOS – Brazilian Footwear Industries Association

A handwritten signature in blue ink, appearing to read "Heitor Klein", is centered on the page. The signature is written in a cursive style with a large initial "H".

Heitor Klein

Executive Director



Av. Hélio Palermo 2948, S. 3
Cep. 14.401-000 Franca, SP

**CHILDREN'S WORK PREVENTION AND ERADICATION PROGRAM
OF THE FOOTWEAR SECTOR
"PRÓ-CRIANÇA" LABEL**

I, _____, CPF _____ president director of the Company

Company name

that operates in the Footwear Industrialization field, at _____, nr.

tel.: _____, District _____ in the city of Franca, State of São Paulo, come to request CREDENTIALS at the Entrepreneurial Institute of Formation Support for Children and Adolescents "PRÓ-CRIANÇA", in the quality of participant of the **CHILDREN'S WORK PREVENTION AND ERADICATION PROGRAM OF THE FOOTWEAR SECTOR**, granting the right to the Usage of the "Pró-Criança" Label on its products. Therefore, I compromise:

1st) NOT TO USE THE WORK OF CHILDREN LESS THAN 16 YEARS OLD,

RESPECTING THE LAW THAT FORBIDS THE SAME – 7th ARTICLE, XXXIII,

FEDERAL CONSTITUTION.

2^o) NOT CONTRACT SERVICES OF THIRD PARTIES THAT USE THE

WORK OF CHILDREN LESS THAN 16 YEARS OLD.

3rd) ENCOURAGE THE PRODUCTION CHAIN NOT OT USE THE WORK OF

CHILDREN LESS THAN 16 YEARS OLD. ;

4th) BE A CONTRIBUTOR PARTNER OR MEMBER OF THE INSTITUTE "PRO-

CRANÇA".

5th) HIRE ONLY THIRD PARTIES THAT HAVE THE ID “PRÓ-CRIANÇA” IDENTIFYING

THEM AS COMMITTED TO:

5.1. Not to use the work of children less than 16 years old, respecting the law that

forbids the same – 7th article, XXXIII, Federal Constitution.

5.2. Be a contributing partner of the Institute “Pró-Criança”.

5.3. Respect the usage regulation of the Label “Pró-Criança”.

5.4 Accept semester audits for proving the fulfillment of the procedures which they

compromised to fulfill.

Present the Pró-Criança ID at the industry to which renders service, proving its participation in the Children’s Work Prevention and Eradication Program of the Footwear Sector.

5.6 Keep the children in school at least until they complete fundamental education.

6th) RESPECT THE REGULATION OF USAGE OF THE “PRÓ-CRIANÇA” LABEL. ;

7th) ACCEPT TRIMESTRAL AUDITS IN THE INDUSTRY TO VERIFY THE FULFILLMENT OF THE PROCEDURES TO WHICH I OBLIGED MYSELF.

8th) REQUEST A BIMESTRAL AUDIT TO BE MADE AT LEAST AT 10% OF THE SERVICE RENDERERS FOR PROVING THAT THEY ARE FULFILLING THE COMPROMISE OF NOT USING THE WORK OF CHILDREN LESS THAN 16 YEARS OLD.

9th) KEEP A COPY OF THE “PRÓ-CRIANÇA” ID OF SERVICE RENDERERS TO PRESENT AT THE SEMESTRAL AUDITS OF THE CHILDREN’S WORK PREVENTION AND ERADICATION PROGRAM OF THE FOOTWEAR SECTOR.

10th) DELIVER TO THE AUDITOR DURING THE TRIMESTRAL AUDITS A RELATION WITH THE NAME AND ADDRESS OF THE SERVICE RENDERERS.

11th) PAY SPECIAL ATTENTION TO THE VISITS PERFORMED TO THE WORK LOCATIONS,

CHILDREN TRYING TO OBSERVE THE ISSUE RELATIVE TO THE USE OF WORK OF

SAME TO THE UNDER THE AGE OF 16 YEARS, AND, IF FOUND, COMMUNICATE THE

INSTITUTE "PRÓ-CRIANÇA".

.
AND **12th**) INCLUDE THE SUBJECT OF THE CHILDREN'S WORK PREVENTION

ERADICATION IN AGENDAS OF MEETINGS HELD WITH EMPLOYEES AND SERVICE

RENDERERS.

We sign the present instrument in two copies of equal content.

Franca, SP, / /2.010

Signature:

A CHILD'S PLACE IS IN SCHOOL

Annex 2



NINON HARLA WILD

Sworn Translator – English

ANNEX 2

Commerce Board Register nr. 1012981
Tax Return nr. 011.129.450/91

Translation 223/2010

SENAI

ACTIVITIES COURSE PROGRAM "I WILL MAKE IT"

1. Inventory: 50 hours

- x Receiving of merchandise
- x Storage
- x Classification of materials
- x Control of orders
- x Delivery and devolution of materials.

Remark: The student must not pick up weight not corresponding to his/her size.

2. Cutting uppers: 270 hours

- x Receiving the material from cutters
- x Materials and tools scale (steel moulds)
- x Sketch pieces
- x Mark defects on leathers to be cut
- x Verification of pieces
- x Hand cutting of the piece, **as long as the tool is with protection, for example; the stone for sharpening the knife with leather viewing to protect the hand;**
- x Mechanical cutting of the piece is definitely forbidden. **(just observation)**

Remark: The student must use the following safety equipments in this sector:

Closed shoes

Auricular protector and whatever else the company judges to be necessary.

3. Preparation for stitching: 300 hours

- x Division of pieces
- x Skiving, **is definitely forbidden. (just observation)**
- x Perforating, **is definitely forbidden. (just observation)**
- x Folding
- x Decorations
- x Buckram **(only permitted if the machine is not of press type)**
- x Other specific processes of the company

Remark: The student must use the following safety equipments in this sector:

Closed shoes

Auricular protector and whatever else the company judges to be necessary.

4. Stitching: 320 hours

- x Application of adhesives and handling solvents, **is definitely prohibited.**
- x Gluing pieces
- x Stitching the lining, **is definitely forbidden. (just observation)**
- x Uppers stitching, **is definitely forbidden. (just observation)**
- x Table service in general

Sinou H. Wild

RUA DAVID CANABARRO 130 – ZIP CODE 93510-020 – NOVO HAMBURGO – RS – BRAZIL
Telephone/Fax: (055 51) 3595 2702 – Cell phone: 99762848 – E-mail: ninon@superig.com.br



NINON HARLA WILD

Sworn Translator – English

Commerce Board Register nr. 1012981

Tax Return nr. 011.129.450/91

Translation 223/2010

Remark: The student must use the following safety equipments in this sector:

Closed shoes
Safety goggles
Auricular protector and whatever else the company judges to be necessary.

5. Lasting: 320 hours

- x Molding counters
- x Toe box fixation
- x Insole fixation, **is definitely forbidden. (just observation)**
- x Molding moccasins
- x Molding toes, **is definitely forbidden. (just observation)**
- x Base lasting
- x Sides lasting, **is definitely forbidden. (just observation)**
- x Rubbing

Remark: The student must use the following safety equipments in this sector:

Closed shoes
Safety goggles
Auricular protector and whatever else the company judges to be necessary.

6. Finishing: 320 hours

- x Sole gluing
- x Uppers cleaning (**as long as without using solvent**)
- x Leather finish (**just with water based finishing**)
- x Placing sock linings and laces
- x Packing

Remark: The student must use the following safety equipments in this sector:

Closed shoes
Safety goggles
Auricular protector and whatever else the company judges to be necessary.

The student is definitely prohibited to:

- Substitute on regular basis employees contracted by the factory that have to present production. The student is an underage apprentice.
- Work in machines of press type that are presented in this listing.

I, NINON HARLA WILD, translated this document from the Portuguese Language into English. I certify that this is a true, accurate, and complete translation. I further certify that I am competent to translate this document from Portuguese to English.

Sinon H. Wild
Novo Hamburgo, May 27th, 2010

Annex 3

NINON HARLA WILD

Sworn Translator – English

Anna 3

Commerce Board Register nr. 1012981
Tax Return nr. 011.129.450/91



Translation 221/2010



LABOR PUBLIC MINISTRY
LABOR REGIONAL CORREGIDOR'S OFFICE OF THE 15th REGION
DEFENSE COORDINATION OF DIFFUSE AND COLLECTIVE INTERESTS
Avenue Marechal Carmona, nr. 686 – Vila São Jorge – Zip code 13035-510 – Campinas/ SP
Telephone: (19) 3236 5655 Fax: (19) 3236 0470 E-mail: (illegible)

INFORMATION PIECE Nr. 17569/03-12
DENOUNCER: MPT/PRT 15th REGION
DENOUNCED: DEMOCRATA CALÇADOS E ARTEFATOS DE COURO LTDA.
OBJECT: OUTSOURCING

Commitment term of conduct adjustment Nr. 053/04

On January 16th, of the year two thousand and four, the company DEMOCRATA CALÇADOS E ARTEFATOS DE COURO LTDA., Legal Entities Tax Form enrolment (CNPJ) number 52.241.835/0001-84, with headquarters at Rua Coronel Tamarindo, 2435, Vila Nicácio, Franca, SP, Zip code 14405-140, in this act represented by Mr. ISRAEL DENER NARCISO GOMES, holder of the identity card RG nr. 25.495.767-5 issued by SSP/SP, assisted by Dr. ESDRAS LOVO, registered in Lawyer's Bar of SP (OAB/SP) under nr. 175.997, signs the present COMMITMENT TERM OF CONDUCT ADJUSTMENT before the LABOR PUBLIC MINISTRY, Labor Regional Procuracy of the 15th Region, represented by the Labor Procurators signed *in fine*, in the document of PI nr. 17569/03-12, based on the § 6 of the 5th article of the Law 7347 of 07.24.85, and article 876 of the Labor Laws Consolidation, oblige itself in the following terms:

1. About solidarity

1.1 The Arbitrator acknowledges that, for all effects of right, to be solidarity responsible for the fulfillment of the labor and social welfare legislation resulting from the relation of employment, and normative in force, with all third parties to which was transferred their production, including in what refers to the fulfillment of the norms relative to the work environment.

1.1.1 It is excluded from the solidary responsibility of the Arbitrator cases of moral damage caused by the services renderer, or by his agents, that deal about honor, intimacy, private life, and image of his employees.

2. 1. About service renderers

2.1 The Arbitrator obliges himself to contract, for render services referring to the execution of his production, only legal entities regularly constituted and duly registered in the competent public departments.

Sinon H. Wild

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- 2.2 The Arbitrator obliges himself not to transfer his production to service rendering companies that do not participate of the same union of their employees' professional category.
- 2.3 The Arbitrator obliges himself not to hire service rendering companies that do not observe the payment of equivalent salary, at least, to the minimum salary assured to the footwear industries workers of Franca/SP, when located in a range of 150 km, from the Municipality of Franca/ SP.
- 2.3.1 This sub-item does not apply to the Arbitrator's branches located in areas not reached by the Assistant Union.
- 2.4 The Arbitrator obliges himself not to hire service rendering companies that do not offer adequate physical facilities, maintaining the work environment healthy in the form of the law, and of the regulatory norms in force.
- 2.5 The Arbitrator obliges himself not to hire service rendering companies that use the work of children and adolescents under 16 years old, except in the condition of apprentice, in the terms of the law.

3. About the service rendering agreements

In case the Arbitrator should opt for outsourcing his production, he must sign specific agreements with the service renderers, observing the following clauses and conditions:

- 3.1 The fulfillment of the labor and social welfare legislation, and of the collective norms in force;
- 3.2 The punctual payment of all labor and social welfare charges, as well as the union contributions and annuities;
- 3.3 The demand of the presentation, by the service renderers, of the collection payment forms of the labor, social welfare charges, union contributions and annuities, under pain of retention of at least, 100% (one hundred percent) of the credits;
- 3.4 The obligation of the service rendering companies of delivering to their employees all equipments of individual protection, as well as the fulfillment of the entire legislation related to labor medicine and safety;
- 3.5 The prohibition of the service rendering companies employees to develop their activities in their homes, or in any other different place that not their establishments;
- 3.6 The prohibition of the service rendering companies to transfer the agreement execution, or part of it, to other service rendering companies, in the form of outsourcing the production to these already outsourcing companies;
- 3.7 The obligation of the service rendering companies of only proceeding to the homologation of the labor agreement rescission of its employees, independently of the service time, before the professional category union, without cost to the same;
- 3.8 The not entering a service rendering agreement in the terms now agreed (sub-items 3.1 to 3.7) shall result in the incidence of the penalties foreseen in item 7;

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3.9 The not fulfillment of the sub-items 3.1 to 3.7 by the service rendering company, and their not regularization in a maximum term of 60 (sixty days), after regular notice, obliges the Arbitrator to proceed to the rescission of the signed agreement, under pain of incidence of the penalties foreseen in the item 7.

4. About the work at home

4.1 The Arbitrator obliges himself to restrict hiring work done at home of hand sewing – except in the form – braided and decoration, which must contemplate the registration in CIPS, and the observance of the labor legislation, and the fulfillment of the collective convention of the category in what refers to the minimum payment of the category's minimum salary, as well as the paid weekly rest, and all other convened rights or which may be convened between the employers and the workers' unions, being forbidden the hiring of autonomous workers for that purpose;

4.2 It is forbidden to the Arbitrator to use the figure of "cat" or "trespasser" or equivalent to the distribution of work done at home.

5. About other obligations taken by the Arbitrator

5.1 The Arbitrator obliges himself not to re-hire service rendering companies that had they Agreement rescinded due to not obeying any of the obligations foreseen in the item 3;

5.2 The Arbitrator obliges himself to maintain in his establishment, at least 20% (twenty percent) of his production of the cutting, stitching, preparation, hand sewing, and sewing on the last, being allowed to outsource the excess of these sectors;

5.2.1 The other sectors must be executed in the Arbitrator's own establishment, with exception of blacking;

6. About the term for fulfilling the agreement

The Arbitrator obliges himself to implement the obligations foreseen in this agreement in a maximum term of one year, counted from the signing of the present term.

7. About the penalties

The committed Company is aware that the present TERM OF CONDUCT ADJUSTMENT has efficiency of extrajudicial executive title, in accordance with the legal clauses referred above, and that the not fulfillment of any of the items above will cause the payment of a fine equivalent to R\$ 100,000.00 (one hundred thousand Reais), plus interest and monetary correction until the date of the effective payment, to be reverted to the Worker's Support Fund, in the terms of the 5th article, §§ 6 and 13 of the mentioned Law nr. 7347/85.

Campinas, January 16th, 2004.

Ninon H. Wild



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Signature
MARCIA CRISTINA KAMEI LOPEZ ALIAGA
Labor Procurator

Signature
MÁRIO ANTÔNIO GOMES
Labor Procurator

Signature
ISRAEL DENER NARCISO GOMES
Proposed

Signature
ESDRAS LOVO
Attorney

I, NINON HARLA WILD, translated this document from the Portuguese Language into English. I certify that this is a true, accurate, and complete translation. I further certify that I am competent to translate this document from Portuguese to English.

Ninon H. Wild
Novo Hamburgo, May 27th, 2010



QUEM EMPREGA CRIANÇAS
MATA A INFÂNCIA.

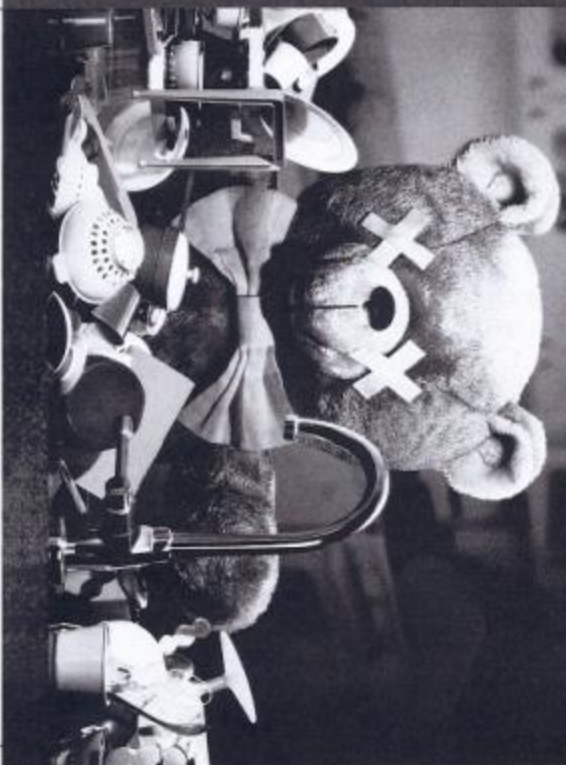


MPT

MINISTÉRIO PÚBLICO DO TRABALHO
NO RIO GRANDE DO SUL

DENUNCIE A EMPREGAÇÃO DO TRABALHO INFANTIL DOMÉSTICO.
DISQUE DENÚNCIA: 31 3288-5000 OU WWW.MPT.RIOGRANDE.RS

QUEM EMPREGA CRIANÇAS
MATA
A INFÂNCIA.





Quando você emprega uma criança ou adolescente para trabalhar na sua casa, você está tirando dela a oportunidade de ter uma educação e uma infância plenas. É um fato: crianças que trabalham têm menos oportunidades e acabam sendo condenadas a passar a vida inteira desempregadas ou em subempregos. Não mate o futuro de uma criança. Se você sabe de algum caso de trabalho infantil, denuncie.

Quem emprega uma criança para trabalhar em casa está roubando dela a infância e a possibilidade de um futuro melhor.

- O Brasil é o terceiro país da América Latina que mais explora o trabalho infantil doméstico, atrás apenas do Haiti e da Nicarágua. Uma triste realidade que precisa ser mudada.

- Mais de 2,5 milhões de crianças e adolescentes brasileiros, entre 5 e 16 anos de idade, são explorados.

- Mais da metade não tem carteira de trabalho assinada e nem mesmo remuneração.

O QUE DIZ A LEI?

- A Constituição Federal, artigo 7º, inciso XXXIII, proíbe qualquer tipo de trabalho a menores de 16 anos, exceto como aprendizes e a partir dos 14 anos.

- Toda criança tem o direito de ser protegida, de estudar, de brincar e de se divertir.

- Quando uma criança é submetida ao trabalho doméstico, muitas vezes ela precisa cuidar de outras crianças, como irmãos, mas com responsabilidade de adulto.

- Além disso, é obrigada a lavar, passar, cozinhar e cuidar da limpeza da casa, sujeitando-se a todo tipo de acidente (queimaduras, intoxicações, cortes e ataques de cães, entre outros).

- Muitas vezes, ela enfrenta no local de trabalho a violência física, psicológica e até mesmo sexual, além de ser discriminada em função da raça, sexo ou classe social. Surtos, espancamentos, humilhações e até tortura são comuns.

O TRABALHO INFANTIL, MAIS A INFÂNCIA E O FUTURO

Não é verdade que o trabalho infantil ajuda na formação de crianças e adolescentes por mantê-los longe dos maus, da violência e da marginalidade. O que ocorre de fato é que, ao submeter a criança ao trabalho, o empregador está roubando dela a possibilidade de uma infância plena, de estudo e de desenvolvimento pessoal. É um fato: pessoas que trabalham na infância geralmente acabam tendo salários menores e pouca formação educacional na vida adulta.

OS NÚMEROS CONFIRMAM:

- 56,3% das crianças de 5 a 11 anos que trabalham dormem no mesmo meio.

- 55,12% das que começam a trabalhar de 12 a 15 anos atingem o ensino médio.

- Quanto mais nova a criança inicia no trabalho doméstico, menor é o tempo de que concluir os estudos fundamentalmente e médio.

O QUE VOCÊ PODE FAZER?

A exploração do trabalho infantil passa por uma tentativa de desconstrução de toda a sociedade.

Discuta este tema com os seus familiares, amigos e vizinhos. Não empregue crianças para trabalhar na sua casa e não permita que outros o façam. Denuncie os casos que você tiver conhecimento pelo telefone 51 3284-3000.

Com a ajuda de todos, vamos devolver a infância a todas as crianças do Brasil.

WHOEVER HIRES CHILDREN KILLS THEIR CHILDHOOD.

Whoever hires a child to work in their home is stealing from her childhood and the possibility of a better future.

- Brazil is the third country of Latin America in the exploration of children domestic work, behind only of Haiti and Nicaragua. A sad reality that must be changed.
- Over 2.5 million Brazilian children and adolescents, between 5 and 16 years old, are explored.
- More than half of them have no signed Employment Booklet, nor remuneration.

WHAT THE LAW SAYS:

- The Federal Constitution, 7th article, interpolated clause XXXIII, forbids any kind of work to minors under 16 years old, except as apprentices, and from 14 years of age onwards.
- Every child has the right to be protected, to study, to play, and to have fun.
- When a child is submitted to domestic work, many times she has to take care of other children, as babysitter, but with the responsibility of an adult.
- Besides this, she is obliged to wash, iron, cook, and clean the house, being subjected to all kinds of accidents (burnings, intoxications, cuts, and dog attacks, among others).
- Many times he/she suffers physical, psychological, and even sexual violence at the work place, besides being discriminated due to race, gender or social class. Beatings, spankings, humiliations, and even torture, are common.

INFANTILE WORK KILLS CHILDHOOD AND THE CHILD'S FUTURE

- It is not true that the infantile work helps the adolescents' formation for keeping them away from the streets, from violence, and from crime. What really happens is that, when a child is submitted to work, the employer is stealing from him/her the possibility of a full childhood, of studying, and of personal development. It is a fact: people that work during childhood generally end up having lower salaries and a worse education in the adult life.

THE NUMBERS CONFIRM:

- Only 3% of the children 5 to 11 years old that work reach high school.
- Only 12% of those that start working in domestic work 12 to 15 years old reach high school.

- The younger the child begins domestic work, the smaller is her chance to conclude fundamental and high school education.

WHAT YOU CAN DO:

- Child work eradication is undergoing an awareness process, by the entire society. Discuss this subject with your family members, friends, and neighbors. Do not hire children to work in your home, and do not allow others to do this. Denounce the cases that you are aware of through the telephone 51 3284 3000.

When you hire a child or adolescent to work in your home, you are taking from her the opportunity to have a full education and childhood. It is a fact: children that work have less opportunities, and end up being condemned to spent their entire life unemployed or in sub-employments. No not kill a child's future. If your are aware of any case of infantile work, denounce the same.

WHOEVER HIRES CHILDREN KILLS THEIR CHILDHOOD.

DMPT. Rio Grande do Sul Public Ministry of Labor.

Denounce infantile work exploration in domestic service.

Dial denounce: 51 3284 3000 or www.prt4.mpt.gov.br

Annex 6



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SERVICE RENDERING AGREEMENT BETWEEN COMPANIES

Through the present instrument of services rendering, as one party xxxxxxxxxxxxxxxxxxxxxxxx, with headquarters at xxxxxxxxxxxxxxxxxxxx, nr. xxxxxxxx, in the city of xxxxxxxxxxxxxxxxxxxx, Legal Entities Tax Form registration (CNPJ) under nr. xxxxxxxxxxxxxxxxxxxx, and State Registration nr. xxxxxxxxxxxxxxxx, in this act represented in accordance with its Articles of Incorporation, hereinafter denominated simply **CONTRACTOR**, and as the other party xxxxxxxxxxxxxxxxxxxxxxxx, with headquarters at xxxxxxxxxxxxxxxxxxxx, nr. xxxxxxxx, in the city of Franca/SP, Legal Entities Tax Form registration (CNPJ) under nr. xxxxxxxxxxxxxxxxxxxx, hereinafter simply denominated **CONTRACTED**, enter between them the following agreement:

1st CLAUSE – ABOUT THE OBJECT

The present agreement has as object the hiring of a legal entity for rendering stitching service without exclusiveness to the **CONTRACTOR**.

2nd CLAUSE – ABOUT THE RENDERED SERVICES

The **CONTRACTED** compromises to supply, at request of the **CONTRACTOR**, the stitching services, being obliged to:

2.1 Take, during business hours, from the **CONTRACTOR'S** facilities, the filing cards for the work to be stitched.

2.2 Deliver, at a time previously agreed among the parties, at the facilities of the **CONTRACTOR**, the service duly executed.

2.3 The **CONTRACTED** will execute the stitching services in accordance with the model and directions given by the **CONTRACTOR**.

2.4 The execution of the stitching services comprise different operations, all correlated between them, which must be duly performed, which are:

- a) Separation and identification of the pieces that will be used in each pair;
- b) Preparation and lasting of the lining;
- c) Tapping of the same;
- d) Passing the ribbon;
- e) Gluing;
- f) Different sewings;
- g) Trimming the pieces;
- h) Folding;
- i) Painting;
- j) Make holes on the pairs for positioning and closing eyelets.
- k) Pass the cord and apply counters;
- l) Burning of the thread;
- m) Clean the excess of glue;
- n) Lasting of the upper by assembling the pieces;

2.4.1 The operations above can be repeated many times, depending of the model to be stitched.

2.4.2 The relation of the operations described above is not exhaustive. In the event of a model demanding another operation that is not described, as long as pertinent to the type of activity now contracted, it must be executed by the **CONTRACTED**.

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3rd CLAUSE – ABOUT THE OBLIGATIONS OF THE CONTRACTED

Besides other ones taken in this agreement, obligations of the CONTRACTED are:

3.1 To be regularly constituted as legal entity and duly registered in the competent public departments, possessing the registrations, licenses, and authorizations for the regular exercise of its activities.

3.2 Attend promptly the execution of the services, being responsible for the perfect performance and quality of its service rendering.

3.2.1 In case of services rendering executed without attendance of the correct specifications or with defects, the CONTRACTED will be obliged to execute again the services, and, face to the rejection or loss of the stitched pair the value of this one will be discounted from the remuneration.

3.3 Execute the services in accordance with the labor legislation, social welfare legislation, collective norms in force, regulatory norms, and environmental laws in force.

3.4 All services mentioned will be executed and rendered by personnel duly qualified, apt, and capacitated of the CONTRACTED.

3.5 Maintain an employment linkage with its employees, the CONTRACTED being the only one responsible for the payment of salaries, and of all other advantages resulting from the referred linkage.

3.5.1 The salary due to its employees must be the equivalent, at least, to the minimum salary assured to the footwear industries workers of Franca/SP;

3.6 The legal obligations of any nature towards its employees, notably those referring to labor, tax, social welfare laws, and collective norms in force, are entirely and exclusively responsibility of the CONTRACTED, as its employees will not maintain any linkage with the CONTRACTOR, in this form being expressly excluded the responsibility of the CONTRACTOR as to such issues.

3.7 The CONTRACTED takes over the responsibility for all charges, duties, taxes, tariffs, contributions, whether federal, state or municipal falling on the services that are the object of this agreement.

3.8 It is up to the CONTRACTED to perform punctually the payment of all taxes referred in the items 3.6 and 3.7.

3.8.1 It is also obligation of the CONTRACTED to take the responsibility for all social welfare and obligations established in the specific legislation of work accidents if, when, these occur, its employees are victims during the performance of services.

3.9 It is also its obligation to take over the charges of possible labor, civil or penal demand, related to the services object of this agreement.

3.10 Present until the 25th day of each month the payment proof of labor and of social welfare charges, contributions, and of union annuities corresponding to the month of the last competence due of its employees, as well as all federal, state, and municipal taxes, under pain of retention of 100% (one hundred percent) of the credits.

3.11 Present the relation of all its employees, giving knowledge of the alternatives resulting from eventual substitutions, exclusions or inclusions of employees, under pain of retention of 100% (one hundred percent) of the credits.

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- 3.12 It is expressly prohibited to the CONTRACTED:
- 3.12.1 Transfer the execution of services or of part of them to other companies in the form of production outsourcing to the outsourced company.
 - 3.12.2 Use the work of employees with age under 16, except if there is a judicial authorization;
 - 3.12.3 Allow its employees to develop their activities at their homes or in any other place different from the company's establishment.
- 3.13 It is up to the CONTRACTED to provide to its employees all individual protection equipments, as well as obey the entire legislation related to work medicine and safety, necessary to the rendering of services, under pain of contractual rescission.
- 3.14 It also competes to the CONTRACTED to perform, at its own expenses, and in the form of the applicable legislation the medical examinations legally demanded to their employees at the admission, during the term of the work agreement, as well as at the rescission.
- 3.15 The CONTRACTED must proceed to the homologation of the work agreement rescission of its employees, independently of the service time, before the union of the professional category;
- 3.16 Participate, obligatorily, of the professional category union.
- 3.17 Take over totally the responsibility for any damage caused eventually to the environment as a result of rendering the services object of the present agreement, in the penal as well as in the civil sphere, particularly fines and indemnifications.
- 3.18 Present to the CONTRACTOR whenever requested all and each document in a maximum term of 48 (forty eight) hours counted from the request.
- 3.19 Provide a work environment that offers adequate physical installations, with the purpose of maintaining the work place healthy in the form of the law and of the regulatory norms in force.
- 3.20 In no possibility vehicle publicity or any other information about the activities object of the present agreement, as well as make references to the CONTRACTOR's name or the name of any of its affiliates or divisions on brochures, printed material, newspapers, specialized or not specialized magazines, interviews on television or on any other communication media in any form of publicity, without the previous authorization of the CONTRACTOR.
- 3.21 The CONTRACTED, as well as its employees, compromise to maintain professional secrecy of technical, commercial information, and of businesses received from the CONTRACTOR, verbal or written, as well as to information and discoveries obtained due to the execution of the object of the present agreement, under pain of responding in case of violation for losses and damages, without prejudice to sensible penal sanctions.
- 3.22 The CONTRACTED will be responsible for every, and each loss that it may cause to the CONTRACTOR due to the not-fulfillment of legal clauses relative to the services mentioned above, as long as these cannot be attributed to it due to motives foreign to its will, such as proven *force majeure*, notorious impossibility or determining instructions of the CONTRACTOR's Board of Directors, or the lack of data communication, and of necessary elements' supply in the convenient terms.

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4th CLAUSE – ABOUT THE CONTRACTOR'S OBLIGATIONS

4.1 Provide to the CONTRACTED instructions about the work to be executed.

4.2 Determine to all the company's sectors to render the maximum collaboration to the CONTRACTED, when executing its tasks, whether referring to the supply of information and documents, whether with respect to the fulfillment of instructions and determinations of the CONTRACTED, and which are related to its work.

4.3 Perform the payments due to the CONTRACTED.

5th CLAUSE - ABOUT THE SERVICES' PRICE

5.1 The price adjusted at the signature of the present service rendering agreement will be per value of stitched pair. For the purpose of formation of the final price, the value of the stitched pair must be multiplied by the quantity of production performed by the CONTRACTED in the period of calculation.

5.1.1 The pair value will be presented in a proper table, previously agreed by the parties, which will discriminate in each model its value, which will be an integrant part of this agreement.

6th CLAUSE – ABOUT THE PAYMENT

6.1 For the effect of payment, the calculation of the productivity effectively performed will be made twice a month in accordance with the chronogram of productivity closing annexed.

6.2 The payment due for the services rendered to the CONTRACTED will be performed up to the 05th and 20th day of each month, and will be made through bank order in a current account of the CONTRACTED, who, therefore, must present the bank's name, agency, and number of the current account.

6.2.1 The payment will only be performed through presentation of the following documents:

I – Fiscal note/ invoice of the services rendered that will be issued on the dates presented in the chronogram of productivity closing annexed.

II – Negative certificate of debts or equivalents of the Federal Revenue, FGTS, and INSS.

III – Social Welfare form (GPS) relative to the collection of the welfare contribution to be collected by the CONTRACTED due to the employment linkage maintained with its employees, duly followed by the nominal relation of the employees active in the month of collection, who render services to the CONTRACTED, already deducted the withheld values.

IV – Collection form of FGTS, in the same conditions of the previous line.

V – Information form to the Social Welfare (GFIP), in the same conditions of line III.

VI – Proof of payment of all federal, state, and municipal taxes to be paid by the CONTRACTED, relative to the month of the last competence.

VII – Payment receipts of the employees that are working for the CONTRACTED.

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VIII – Other documents eventually demanded by the CONTRACTOR for proving the execution of the agreement.

6.2.1.1 The presentation of the documents named in items II to VII must be until the 13th day of each month, in the terms of the items 3.11 and 3.12.

7th CLAUSE – ABOUT THE WARRANTY OF CHARGES AND LABOR CLAIMS

7.1 For the payment warranty of the labor charges (FGTS fine, thirteenth salary, vacations, 1/3 vacations, school bonus, participation in profits foreseen in the collective convention of the category), and in eventual labor claims, the parties in common agreement establish that the CONTRACTED will monthly render a warranty of 35% (thirty five percent) of the salaries values of its employees informed in the GFIP form, which will be presented until the 13th day of each month, in the terms of the clause 6.2.1, V.

7.1.1 This value will be deposited in a security account of the Federal Saving Bank, being 17.5 % (seventeen point five percent) on the 05th, and the balance on the 20th of each month.

7.2 In case of rescission or termination of the present agreement, the remaining balance of the account will be returned to the CONTRACTED, as long as THIS ONE presents the total quittance of all labor rights resulting from its employees relatively to the period in which this instrument is in force.

7.3 The payment of the last month that this agreement is in force will be integrally withheld for warranty of payment of the CONTRACTED party employees' labor rights. It will be returned to the CONTRACTED through presentation of the total quittance of all labor rights resulting from its employees, relatively to the period this instrument's term.

7.4 In the event of the security account balance and of the value withheld in the last month of services rendering are insufficient for paying the charges, the CONTRACTED will be responsible for completing the same.

8th CLAUSE – ABOUT THE CONTRACTUAL TERM

The present agreement will have a duration until 12.31.2010, and can be renounced by any of the parties at any time, as long as informed to the other party in writing, and with an early term of 30 (thirty) days, counted from receiving the communication, without any onus.

9th CLAUSE – ABOUT THE RESCISSION

9.1 The present agreement can be rescinded, without previous notice, and without any onus, fine, commination, or indemnifications of any nature or species to the innocent party, through notice, if occurring any of the following possibilities:

9.1.1 Decrement of bankruptcy, judicial recovery, extrajudicial liquidation or civil insolvency of one of the parties.

9.1.2 In the case of death of the legal representative of the CONTRACTED.

9.1.3 Dissolution of the CONTRACTOR or CONTRACTED COMPANY.

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- 9.1.4 Not fulfillment of any of the present agreement's obligations.
- 9.1.5 Unsatisfactory quality of the services rendered by the CONTRACTED.
- 9.1.6 Not payment by the CONTRACTOR party superior to 60 (sixty) days.
- 9.1.7 The CONTRACTED does not work with registered employees.
- 9.1.8. The CONTRACTED does not collect the taxes and social charges.
- 9.1.9 The CONTRACTED does not perform the payment of salaries to the employees responsible for the execution of the services object of the present instrument.
- 9.1.10 The CONTRACTED does not attend any clause foreseen in the present agreement.

10th CLAUSE – ABOUT THE PENALTIES

10.1 For losses and damages to be calculated in a proper action will respond the party that infringes any of the clauses of the present agreement.

11th CLAUSE – ABOUT THE FORUM

11.1 The Forum of the County of Franca/SP, is chosen with exclusion of any other, as privileged as it may be, to settle any doubt that may arise in the execution of the present agreement, the cases not foreseen in the present contractual instrument being ruled by the legislation in force.

And for being the CONTRACTOR and CONTRACTED parties in full agreement with what is presented in this private instrument, they sign in the presence of the 02 (two) witnesses below, 02 (two) copies of equal content and form, 01 (one) being destined to each party interested.

Franca/ SP, January xxxx, xxxxxxx

CONTRACTOR

CONTRACTED

Witnesses:

1. _____ 2. _____

I, NINON HARLA WILD, translated this document from the Portuguese Language into English. I certify that this is a true, accurate, and complete translation. I further certify that I am competent to translate this document from Portuguese to English.

Ninon H. Wild

Novo Hamburgo, May 27th, 2010

RUA DAVID CANABARRO 130 – ZIP CODE 93510-020 – NOVO HAMBURGO – RS – BRAZIL
Telephone/Fax: (055 51) 3595 2702 – Cell phone: 99762848 – E-mail: ninon@superig.com.br

Annex 7

NINON HARLA WILD

Sworn Translator – English

Commerce Board Register nr. 1012981
Tax Return nr. 011.129.450/91



Translation 112/2010

STATEMENT

I, _____ ID. nr. _____
_____ C.P.F./M.F. _____, service renderer to the
footwear industries, with private address at
_____ nr. _____,
District _____, telephone _____, in the city of _____,
State of _____, proprietor of the Company
_____ located
at _____,
nr. _____, District _____, telephone _____,
in the city of _____, State of _____,
CNPJ nr. _____, Municipal Enrollment nr. _____

DECLARE that I am associating to the **ENTREPRENEURIAL INSTITUTE OF SUPPORT FORMATION FOR CHILDREN AND ADOLESCENTS** - "Pró-Criança", to participate of its "*Children's Labor Prevention and Eradication Program*" of the Footwear Sector – "Pró-Criança" Label, comprising:

1. NOT TO USE THE WORK OF CHILDREN LESS THAN 16 YEARS OLD, RESPECTING THE LAW THAT FORBIDS THE SAME – 7TH ARTICLE, XXXIII, FEDERAL CONSTITUTION.
2. TO BE A PARTNER OF THE INSTITUTE "PRÓ-CRIANÇA", CONTRIBUTING MONTHLY TO IT
3. RESPECT THE USAGE REGULATION OF THE "PRÓ-CRIANÇA" LABEL.
4. ACCEPT A YEARLY AUDIT TO VERIFY THE FULFILMENT OF THE PROCEDURES TO WHICH I OBLIGED MYSELF.
5. PRESENT THE "PRÓ-CRIANÇA" CERTIFICATE AT THE INDUSTRY TO WHICH I RENDER SERVICE, TO PROVE MY PARTICIPATION IN THE CHILDREN'S WORK PREVENTION AND ERADICATION PROGRAM OF THE FOOTWEAR SECTOR.
6. KEEP THE CHILDREN IN SCHOOL AT LEAST UNTIL THEY COMPLETE FUNDAMENTAL EDUCATION.

For everything to be true and necessary to happen, I sign the present Instrument in two copies of equal content.

Birigui, SP, ___/___/___

Signature:

Ninon Harla Wild

CHILD'S PLACE IS IN SCHOOL!

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