



CODE OF CONDUCT

GENERAL

JÄRBO GARN AB, as a supplier, recognizes the importance of conducting business in a manner that benefits not only our company but also the environment we are working within (in a broad perspective) and will, further, not voluntarily or deliberately participate in any unfair or unethical business and refrain from participation in businesses that are dubious according to our standards. We also recognize the importance of the standards of ILO, BSCI and ICTI.

Even though we are a very small actor on the global marketplace (with less than a fraction of the global business, in which we are engaged) we will seek to ensure, to the best of our commitment, to have a performance according to the above.

In respect of the above and our sincere intention to uphold a respectable, fair and ethical behavior when conducting business, we have adopted the following as our Code of Conduct.

BUSINESS PRACTISE

Our, Järbo Garn AB's, business practice implement the material regulations of ICTI's Code of Business Practices as our guideline for our Business Practice. The general agenda is that we will operate in a lawful, safe, and healthful manner and to uphold the principles that no underage, forced, or prison labor should be employed; that no one is denied a job because of gender, ethnic origin, religion, legal affiliation or association, and that we comply with laws protecting the environment and to improve performance by constantly encouraging dialog and co-operation with our suppliers in order to achieve positive change, if necessary, in the chain of supply.

1. Labour and Workplace

1.1 Labour

- a. That working hours per week, wages and overtime pay practices comply with the standards set by law or, in the absence of a law, address humane, safe and productive working conditions;
- b. that no one under the legal minimum age is employed in any stage of manufacturing; that a minimum age of 15 applies in all circumstances, but notwithstanding the foregoing, that C138 Minimum Age Convention (1973) and C182 Worst Forms of Child Labor Convention (1999) of the International Labor Organization apply (However, light work may be permitted for children age 13-15 if it is not harmful to their health and development and does not interfere with compulsory schooling.);
- c. that no forced or prison labor is employed, that workers are free to leave once their shift ends, and that guards are posted only for normal security reasons;
- d. that all workers are entitled to sick and maternity benefits as provided by law;
- e. that all workers are entitled to freely exercise their rights of employee representation as provided by local law.

1.2 The Workplace

- a. To provide a safe working environment for employees and comply with or exceed all applicable local laws concerning sanitation and risk protection;
- b. that facilities are properly lighted and ventilated and that aisles and exits are accessible at all times;
- c. that there is adequate medical and assistance available in emergencies, and that designated employees are trained in first aid procedures;
- d. that there are adequate and well-identified emergency exits, and that all employees are trained in emergency evacuation;
- e. that protective safety equipment is available and employees are trained in its use;
- f. that safeguards on machinery meet, or exceed, local law;
- g. that there are adequate toilet facilities which meets local hygiene requirements, and that they are properly maintained;
- h. that there are that there are facilities or appropriate provisions for meals and other breaks;
- i. that, if providing housing within the premises, for employees, it will be ensured that dormitory rooms and sanitary facilities meet basic needs, are adequately ventilated and meet fire safety and other local laws;
- j. that no mental or physical disciplinary practices are employed.

1.3 UN and ILO Conventions [<http://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm>]

- a. **Freely Chosen Employment** (*ILO Conventions Nos. 29 and 105*)
- b. **Freedom of Association and the Right to Collective Bargaining** (*ILO Conventions Nos. 87, 98, 135 and 154*)
- c. **No Child Labour** (*UN Convention on the Rights of Child, ILO Conventions Nos. 138, 182 and 79, and ILO Recommendation No. 146*)
- d. **No Discrimination** (*ILO Conventions Nos. 100 and 111 and the UN Convention on Discrimination against Women*)
- e. **Safe and Hygienic Working Conditions** (*ILO Convention No 155 and ILO Recommendations No 164*)
- f. **Adequate Wages** (*ILO Convention No. 131*)
- g. **No Excessive Working Hours** (*ILO Convention Nos. 1 and 14*).

2. Environment

2.1

Production shall not conflict with national or international environmental legislation and regulations.

Necessary discharge permits of toxic substances shall be obtained where required.

Environmental measures shall be applied where necessary throughout the whole production and distribution chain, and shall not be limited to the company's own operations and suppliers. As far as possible, local, regional and global environmental issues shall be taken into account.

2.2

The local environment at the production site shall not be excessively exploited or degraded by pollution.

Environmental measures shall be taken into consideration throughout the production and distribution chain ranging from the production of raw material to the consumer sale. Hazardous chemicals and other harmful substances shall not be dumped in the natural environment.

2.3

No product purchased by Järbo Garn AB may contain chemical compounds banned according to EU's environmental legislation. No chemical compounds forbidden in the country of manufacture, may be used in the production.

3. Suppliers

- a. We will inform our suppliers that we have adopted this Code of Conduct as our guideline of conducting business, including, but not limited to, the relations to our suppliers/contractors;
- b. that we will require our suppliers to respect our Code of Conduct and request the suppliers to follow the same;
- c. that we will request our Code of Conduct to be implemented as a condition of contract and that a material failure to comply to such a implemented condition, or to implement a corrective action plan on a timely basis, is to be regarded as a breach of contract for which the contract may be canceled;
- d. that we will inform our suppliers that we not voluntarily or deliberately participate in any unfair or unethical business and also refrain from business that are dubious according to our standards;
- e. that supplier shall ensure compliance with applicable laws and classification regulations relating to purchasing, storage, handling, use and transportation of chemicals (The requirements are applicable for all chemicals used in production, operations and maintenance, and the supplier shall have a valid permit for chemicals that are legally restricted or controlled.);
- f. that supplier shall establish and maintain an updated list of all chemicals, including the name of the chemical product, the purpose/area of use and reference to an MSDS (Material Safety Data Sheet) in production, operations and maintenance and adhere to the attached Appendix A.
- g. This Code of Conduct should be posted or available for all employees in the local language.

4. Compliance

- a. The purpose of the above is to establish our standard of performance, to educate, and to encourage commitment to responsible operation, not to punish.

- b. In the event of a breach of the Code of Conduct, Järbo Garn AB and supplier will jointly prepare a plan for remedying the breach. Remediation must take place within a reasonable period of time. The agreement will only be terminated if the supplier remains unwilling, or is unable, to remedy the breach following repeated requests.
- c. To determine adherence we will evaluate our facilities as well as we will allow our commercial customers to do the same. To request our suppliers/contractors to follow the same practices with their sub suppliers.
- d. To perform an annual internal audit in respect of the compliance with this Code of Conduct and to keep records thereof.
- e. Because of the great diversity in the kinds of our suppliers, as well as the wide range in factory sizes and numbers of employees a rule of reason must be used to determine applicability of the provisions.

JÄRBO GARN AB

Jan Blomberg (Mr.), CEO