

CODE OF CONDUCT

Policy Document on Social Responsibility

1. Introduction

SINNOTEX undertakes to only trade in materials that have been produced under dignified working conditions

2. General requirements

To that end SINNOTEX agrees to implement the labour standards in the factories it is sourcing from and agrees to put sufficient and effective efforts into ensuring that this code is followed by its contractors, subcontractors, suppliers and licensees.

3. Labour standards

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

3.1 Employment is freely chosen

There shall be no use of forced labour.

3.2 There is no discrimination in employment

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

3.3 No exploitation of child labour

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

3.4 Freedom of association and the right to collective bargaining

The right of all workers to form and join trade unions and bargain collectively shall be recognized. The company 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. 2

3.5 Payment of a living wage

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for any 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 specifications of their wage rates and pay period.

3.6 No excessive working hours

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

3.7 Safe and healthy working conditions

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

3.8 Legally-binding employment

Obligations to employees 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 programs.

4. Awareness training

Employees should be informed that they are producing under minimum conditions as outlined in SINNOTEX Code of Labour Practices. These conditions should be explained in a way that the Code is made understandable. SINNOTEX reserves the right to let an independent third party inform employees about the Code of Labour Practices.

5. Inspection and implementation

SINNOTEX undertakes to assure that its contractors, subcontractors, suppliers and licensees abide by the standards established in this Code of Labour Practices and shall work toward the verification of these standards. 3

6. Breach of agreement

SINNOTEX shall stipulate that contractors, subcontractors or licensees who demonstrably fail to comply with one or more of the standards laid down in the Code of Labour Practices, take appropriate measures to ensure that the situation is improved. If necessary, the offending party shall be sanctioned by cancellation of its contract, thus prohibiting it from producing of products for SINNOTEX.

7. Verification

SINNOTEX declares that it agrees to independent verification of its compliance with this Code of Labour Practices. SINNOTEX reserves the right to make unannounced visits to all factories producing its goods, and let an independent third party of SINNOTEX choice undertake audits or inspections, at any time. All suppliers are obliged to always keep SINNOTEX informed about the locations in which each order is being produced.