

Code of Conduct – Axkid AB

Gothenburg February 2017

Introduction

To us at Axkid AB (hereinafter "Axkid"), it is important to conduct our business at the highest ethical standard. Therefore, we have adopted this Code of Conduct (hereinafter "the Code") to make sure that our employees, but also our affiliates such as suppliers, producers and partners, are aware of our position on Corporate Social Responsibility (hereinafter 'CSR') and what is expected from them in this regard.

We require all employees, suppliers and producers to:

- Read and understand the Code,
- Sign a written acknowledgement that they have done so.
- Ensure that both the content and the spirit of the Code are respected and acted upon.

This Code has been signed by the Board of Directors.

Scope of the Code of Conduct

This Code shall apply to employees at Axkid, as well as to suppliers and producers, who are responsible for ensuring its application among their sub-producers and sub-suppliers.

Basis for the Code of Conduct

This Code of Conduct is based on international agreements, primarily the ten principles provided in the United Nations Global Compact (attached in appendix 1). The Code is adapted to the specific circumstances and challenges in the sector in which we operate.

Legal compliance and the Code of Conduct

Axkid complies with the laws and regulations of each country in which we operate. This Code sets up a minimum requirement, so if provisions in other laws or regulations, be it local, national or international, have a more stringent position to CSR matters, those shall be complied with.

In situations where neither the law, nor the Code gives relevant guidance, the UN Global Compact principles shall prevail. In cases of conflict between this Code and a mandatory local regulation, the local regulation shall prevail.

Human rights and labour rights

All employees should be entitled to fundamental human rights, which shall be known, understood, respected and applied equally. Employees must be informed of their fundamental rights in a language they understand.

Abuse & harassment

Nobody shall be subject to corporal punishment, unlawful detentions, physical, sexual, psychological or verbal harassment or abuse.

Discrimination and equal treatment

There shall be no discrimination, whether active or by passive support, whether based on ethnicity, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age.

Forced labour

Forced, exploited or bonded labour is strictly forbidden. Nor shall employees be required to lodge deposits or original identity papers upon e g starting employment.

Child labour

It is strictly forbidden to use children or minors under the minimum working age established by local law or fifteen (15) years, whichever is greater, as labour force. Employees under eighteen (18) years of age shall not be engaged in hazardous or heavy work, or on night shifts.

Freedom of association

The rights of employees to freely associate and to bargain collectively, in accordance with the laws of the country in which they are employed, shall be recognised and respected.

Contracts & working Hours

All employees shall have written contracts specifying the terms of employment. Nobody shall be forced to work more than the stated regular and overtime working hours in the law of the country in which they are employed. Employees shall be compensated for overtime hours at the legally required rate.

Wages and benefits

As a primary principle, employees should receive living salaries. Should this not be possible, employees should be paid at least the minimum total wage required by national law, including allowances and benefits. They should also have the right to a periodic holiday with pay. All employees shall have the right to equal pay for equal work.

Health and safety

The working environment shall be safe and healthy. Adequate steps to prevent accidents and injury to health shall be taken by minimising the causes of hazards inherent in the working environment and by providing appropriate safety equipment.

Environment

Best environmental solutions, precautionary approach

Practices minimising the impact on the environment shall be encouraged and care shall be taken with environmentally sensitive substances or processes. The best environmental solutions should always be sought.

Energy and water consumption

Efforts should be made to reduce energy consumption. When procuring energy, priority could be given to energy from renewable sources. Efforts should be made to recycle or reuse water and in any other way minimise water consumption.

Transports, travels and Green House Gas emissions

Means of transportation with the least environmental impact shall be chosen. Efforts should be made to constantly reduce emissions of greenhouse gases, such as fossil carbon dioxide.

Waste management

The amount of waste should be minimised and should, as much as possible, be reused or sent to recycling or modern waste plants (including landfills) with as little impact on the environment as possible.

Chemicals and hazardous substances

A minimum use of hazardous chemicals and substances should be ensured. However, when such chemicals or substances are used, a safe and correct handling and disposal is required.

Ethical business practices

Bribes and gifts

No employee may offer, ask for, give or accept, directly or indirectly, any undue advantage for personal gain from any third party, unless it can be accepted according to international or national legislation, or within accepted business practices.

Fair competition & Conflict of interests

Fair competition and open markets should be respected as this works in favour of conducting good and sound business.

Business decisions are always made in the best interest of the company. Personal relations or considerations may never influence our decision-making. Should there be any risk, however small, of conflict of interest, employees are expected to immediately inform their manager. Neutrality with regard to political parties and candidates should be observed.

Fraud, extortion, money laundering and other related crimes

National and international regulations on preventing, detecting and remedying economic crime and fraud, extortion, money laundering and other related crimes, shall be abided to.

Usages of social media

If employees participate, private or professional, in social media discussions they are expected to be loyal to the company and to the brand



The following activities are not allowed:

- Messages or comments that are discrimination towards gender, race, sexual orientation, disability or religious beliefs
- All forms of fraud
- Defamatory or false material about Axxkid.

Compliance, consequences and reporting violations

Axxkid reserves the right to, at any chosen moment, visit suppliers or producers and their sub-suppliers and sub-producers, to ensure compliance of this Code. Such visits can be made both with and without prior notice.

It is the responsibility of Axxkid's managers to make sure that both the content and the spirit of this Code are communicated, understood and acted upon. Suppliers and producers are encouraged to raise any matter of concern with regards to the Code with us.

If and when an employee observes, is informed of, or suspects, any activities that may be in violation of this Code, this person shall report it to any manager he/she finds appropriate or in any of the following ways:

E-mail to info@axkid.com

Letter to Axonkids, Odinslundsgatan 17, 412 66 Göteborg/Gothenburg, SWEDEN

We might not automatically end a relationship with a violating partner. A violation should, however, lead to a dialogue and course of action. This includes a request for a corrective action plan by the violating partner. It may also include a financial compensation relative to the damage Axxkid suffered, to remedy the identified problem. Should there still be a lack of compliance, we reserve the right to take further actions, including a termination of the contract.

However, if the breach is of a serious nature to Axxkid, the contract may be terminated immediately.

When in doubt

There might be occasions when you are unsure about a situation and if it is according to the core of conduct. You can get some understanding by asking your selves these questions:

Is it following the rules?

Is it ethical?

Is it legal

Is it reflecting my or Axxkids reputation well?

Would I like to read about this in the media?

Would my family and friends like this?

If you still find the decision hard to make, always contact Axxkid management.

Appendix 1

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

The Global Compact's ten principles obligate all corporations to maintain, within their sphere of influence, a set of core values relating to human rights, labour standards, the environment and anti-corruption.

The Global Compact principles enjoy universal consensus and derive from

- (i) the Universal Declaration of Human Rights*
- (ii) the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work*
- (iii) the Rio Declaration on Environment and Development*
- (iv) the United Nations Convention Against Corruption*

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour;

Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility;

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Read more at: <https://www.unglobalcompact.org/what-is-gc/mission/principles>