

Code of Conduct

INTRODUCTION

Clas Ohlson is a customer-oriented retailing company, without our own manufacturing operations.

We support the UN's Global Compact and OECD's guidelines for multinational enterprises. We acknowledge that we have a duty to safeguard the human rights of those involved in our enterprise as well as contributing to a sustainable development.

Our Code of Conduct applies to our own business operations and to all our dealings with suppliers of products and services. The code is an integral part of our business and reflects our regard for working conditions, working environments and the environment in general.

Clas Ohlson requires its suppliers to respect the principles of the Supplier Code of Conduct in their business operations and to comply with it in their business practice.

Suppliers of Clas Ohlson products are responsible for ensuring that their manufacturers fulfil our Supplier Code of Conduct. Suppliers shall provide details of the manufacturers they use upon Clas Ohlson's request.

If any breach of Clas Ohlson Code of Conduct should occur, we encourage our employees and suppliers' employees to report any such breach to: supplychain-report@clasohlson.com. Your information will be treated confidential and Clas Ohlson prohibits retaliation against anyone for raising or helping to address this type of issue.

1. LEGAL REQUIREMENTS

We expect our suppliers to be aware of the national legislation regarding their business operations in those countries where they operate, and to follow this legislation as a minimum requirement.

However, the requirements of the code are not limited to laws, regulations, conventions and guidelines. The requirements of the Supplier Code of Conduct are to be observed in addition to national legislation.

2. WORKING ENVIRONMENT

Employees shall be provided with a safe and healthy workplace.

2.1 Health and safety

The supplier must meet the minimum laws and requirements pertaining to working conditions and the working environment. We also require our suppliers to prioritise the health and safety of their employees. We expect appropriate working protection to be used, equipment and premises to be safe, hazardous substances and waste to be handled in a safe way.

2.2 Housing facilities

If the supplier provides employee housing facilities, these shall be safe and hygienic, and shall provide satisfactory personal privacy and space.

3. WORKING CONDITIONS

Clas Ohlson requires its suppliers to respect basic human rights and requires that employees be treated in accordance with the ILO Declaration on Fundamental Principles and Rights at Work (1998).

3.1 Discrimination

Clas Ohlson values and respects different cultural backgrounds and traditions.

Employees shall be appraised and treated on the basis of their own ability and qualifications to carry out their work, not on the basis of personal characteristics or convictions.

3.2 Forced labour

No form of forced labour, involuntary or uncompensated work will be accepted. This includes all forms of compulsory agreements and illegal labour.

No person may be detained at work against his or her will for any period of time.

3.3 Disciplinary practices

Employees shall be treated with respect and dignity.

Under no circumstances may any employee be subject to corporal punishment or other forms of physical, sexual or psychological punishment, harassment or coercion.

Pay deductions may not be made for disciplinary reasons, unless this is regulated by collective agreement or permitted by law.

3.4 Child labour

The UN Convention on the Rights of the Child (1989), the ILO Convention on Minimum Age for Employment (no. 138, 1973) and the ILO Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (no. 182, 1999) are guidelines for all activities, which take place in the company's name.

No person may be employed below the age for having completed compulsory schooling or under the age of 15 years (or 14 years in those countries referred to in article 2.4 of ILO convention no. 138).

If a child is found to be working for a supplier manufacturing Clas Ohlson products, we request that measures are taken to rectify the problem without worsening the child's social situation. If corrective action is not implemented after this situation is brought to our attention, Clas Ohlson will replace the supplier.

3.5 Wages and working hours

Suppliers shall stipulate working hours and pay wages and overtime pay as a minimum in accordance with national laws and agreements, or in accordance with local industry standards.

Employees are entitled to a contract of employment.

3.6 Freedom of association and the right to collective bargaining

Employees shall be free to exercise their legal rights to join, form or work for organisations which represent their interests as employees.

Suppliers must not threaten or penalize workers, or in any other way restrict or interfere with employees' legal and peaceful exercise of their rights.

Suppliers shall respect employees' rights to collective bargaining.

3.7 Alcohol and unlawful drugs

The workplace must be free from alcohol and unlawful drugs in order to provide a good and safe working environment. Suppliers shall ensure that alcohol and unlawful drugs are not used during working hours.

4. ENVIRONMENT

Clas Ohlson is actively working to continually reduce its direct and indirect environmental impact.

Suppliers are expected to work in line with Clas Ohlson's environmental policy. Suppliers shall therefore be well informed about and comply with requirements in accordance with national legislation, regulations and industry standards. This involves being aware of and monitoring their environmental impact, and constantly working to improve environmental performance in their operations.

As a minimum requirement, suppliers shall handle hazardous substances and waste in a safe way. Requirements restricting hazardous substances in those markets where Clas Ohlson sells its products, as well as any additional requirements made by Clas Ohlson, shall be met.

5. APPLICATION AND MONITORING

Clas Ohlson's management is responsible for ensuring that work relating to the code of conduct is an on-going process, and for documenting and communicating how well we and our suppliers meet the requirements.

Clas Ohlson expects a high level of integrity in all business interactions. The business relation and our work with sustainable development in the supply chain are depended on co-operation, mutual trust and respect. We strive for long-term relationships and mutual development. We believe in active dialogue and cooperation with suppliers in order to agree on realistic action plans in every individual case of deviation from the code, without compromising our long-term goals.

Observation, discussions and information that we receive during monitoring CSR performance from our suppliers are treated confidentially by Clas Ohlson or any of us appointed 3rd party organisation.

5.1 Application

Employees responsible for purchasing products and services within Clas Ohlson shall ensure that the relevant suppliers are well informed about the Supplier Code of Conduct.

Suppliers shall ensure that a local language version of the code is available to employees involved in production for Clas Ohlson. Managers shall be aware of this code, and responsible for its application within their area of responsibility. They shall also be aware of the relevant national laws and regulations.

5.2 Monitoring

Our purchasing and CSR organisations are responsible for supporting and monitoring suppliers and manufacturers. Any non-compliance with the code must be reported, acted on and followed up.

In order to ensure that the code of conduct is practised, Clas Ohlson reserves the right to carry out unannounced inspections of suppliers and manufacturers. Inspections can also be made by an independent third party of our choice. The suppliers or manufacturers should on request provide a labour force register, records of hours worked and wages paid, work-related injuries and accidents, preventative action taken, fire protection measures implemented and evacuation drills carried out, as well as other appropriate information.

If a supplier or manufacturer fails to implement the agreed-upon improvements in accordance with the action plan and within the settled time frame, Clas Ohlson will cease doing business with the supplier or manufacturer.

6. ANTI CORRUPTION

No form of extortion and bribery, including improper offers for payments to or from employees, or organizations, is tolerated.

Incidents of suspected bribery attempts or other unethical behavior should be reported to Clas Ohlson's HR-department (anti-bribery@clasohlson.se) or to our CSR department (supplychain-report@clasohlson.com). Clas Ohlson prohibits retaliation against anyone for raising or helping to address this type of issue.

The full version of our Corporate Guidelines on Ethical Business and Anti-Bribery can be downloaded at www.clasohlson.com.