

LMK Group AB

CODE OF CONDUCT

Annex 2

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Code of Conduct

The basis for a company's responsibility for human rights is established by the United Nations in its framework "Protect, Respect and Remedy", as well as the associated Guiding Principles on Business and Human Rights.

LMK Group AB Code of Conduct is harmonised with the Business Social Compliance Initiative (BSCI) Code of Conduct and is based on our support for the UN Sustainable Development Goals, The Universal Declaration of Human Rights (UDHR), The United Nations Convention on the Rights of the Child, or UNCRC, the Convention on the Elimination of All Forms of Discrimination against Women, The United Nations Global Compact and The International Labour Organization (ILO) Standards and Recommendations.

LMK Group AB takes a social, environmental and ethical responsibility when purchasing products. Our social responsibility concerns rights, health and safety for employees and the local communities that are involved in our supply chains. Our environmental responsibility concerns measures to conserve natural resources, a sustainable use of natural resources in the goods and services used by LMK Group AB. Our ethical responsibility concerns and is based on honest and fair commercial conduct throughout the entire business chain.

To ensure a responsible work, it is required that LMK Group AB has a close cooperation with and imposes requirements on our suppliers, which in turn shall take the same measures in relation to their sub-suppliers.

Suppliers must ensure that the production of products and procurement of raw materials and services complies with this Code of Conduct. Further, the supplier must also ensure that its sub-suppliers comply with this Code of Conduct. All suppliers to LMK Group AB, both intermediaries and direct manufacturers, must comply with this Code of Conduct and are expected to be able to prove that they have done everything they can to comply the Code and that their sub-suppliers have done the same.

Suppliers to LMK Group AB must be aware of where in the production chain deviations from the Code of Conduct may occur. One shall be able to demonstrate what measures are taken in order to manage and minimize such risks. In countries with great poverty and other challenges to fulfil the human rights, we expect the supplier and sub-suppliers to work on continuous improvements alongside authorities and other organisations. We expect an action plan and an accompanying timetable. All employees, including contract workers, day labourers, temporary staff and migrant workers at the supplier and its sub-suppliers, must be informed of and educated in the principles contained in this Code of Conduct.

If a supplier or sub-supplier does not fulfil all requirements in BSCIs or this Code of Conduct or does not provide sufficient documentation to ensure compliance with the Code of Conduct, LMK Group AB requires that the supplier develops and implements a plan to deliver and maintain improvements, including a timetable for such improvement process. We strive for solutions and development, as well as collaboration in relation to solutions, although severe breaches or continuing failure to sufficiently improve the conditions is likely to have consequences for future cooperation's.

Principles

1. Legislation

Suppliers and their sub-suppliers must comply with their respective countries' national laws for the country in which they operate. Should any of the requirements differ from principles as defined in the Code of Conduct dealing with the same issue, whichever is stricter shall prevail. If such discrepancy is discovered, the supplier shall inform LMK Group AB thereof.

2. Freedom of association and the right to collective bargaining

The Supplier must (a) respect employees' rights to form trade unions in a free and democratic manner, (b) not discriminate against employees based on membership in a trade union and (c) respect employees' rights to collective bargaining.

The Supplier may not prevent employee representatives from having contact with employees in the workplace or to interact with them.

For operations in countries in which trade unions are illegal or where free and democratic trade union activity is not permitted, the supplier must allow employees the freedom to choose their own representatives with whom the employer can initiate a dialogue with regarding issues relating to the working environment.

3. Discrimination and personal integrity

No employee may be discriminated against or harassed in any way based on gender, ethnic background, nationality, religion, age, caste, parentage, civil status, disability, sexual orientation, health condition, membership in a trade union or political organization. If and immediately upon discovery of such discrimination, measures must be taken in order to protect the employee and be followed up. Employees' must obtain the same salary for equal work. Education and skill must be reflected in their salary.

No form of physical punishment or assault may occur. Threats regarding the same, as well as threats of sexual assault, verbal harassment and other forms of humiliation shall be forbidden.

A right to privacy shall be offered. For example, there must be lockable lockers for personal belongings and separate sanitary facilities for men and women.

4. Forced labour

The Supplier may not engage in or support any form of forced labour, either direct or indirect. Forced labour means that an employee is forced to work under any form of physical, mental or economic coercion. This includes degrading treatment or verbal assault. No form of forced labour, involuntary labour or wage slavery may occur. This applies to all employees at a workplace. An employee has the right to terminate its employment as well as to leave the workplace at the end of the workday.

Employees may not be forced to pay any form of deposit or be forced to hand over its identification documents to an employer. Employees shall be free to terminate their employment after a reasonable notice period.

Migrant workers or forms of employment via intermediaries involves a high risk of forced labour, thus requiring a particular care. A company can also be regarded as an accomplice if it benefit from a business partner benefiting from forced labour.

5. Conditions of employment

The Supplier must always ensure that its employment conditions

- a) do not cause its employees' uncertainty and social or financial vulnerability, and
- b) the work is performed based on a recognised and documented employment relationship which is established in accordance with national legislation, custom or practice and international labour norms, depending on whichever of the two provides the better protection.

Prior to employment, the Supplier shall provide the employees with information concerning their rights, obligations and conditions of employment, including working hours, wages and payment terms, in a language they understand.

In its conditions of employment, the Supplier must pay regard to employees, both women and men, in a manner which supports them in their role as parents or carers. This particularly applies to migrant workers and seasonal workers whose children may remain in their hometowns.

The Supplier may not, intentionally or unintentionally, circumvent applicable regulations governing the conditions of employment by:

- a) apprentice programmes without any intention of transferring knowledge or providing regular employment,
- b) seasonal variations or job placement used to undermine employees' protection
- c) contracts that are only available on the labour market. Sub-suppliers may not be chosen to circumvent employees' rights.

6. Equitable compensation

All employees have the right to an equitable compensation and social benefits in accordance with what is stated by law. The employees' salaries must, at a minimum, comply with national provisions relating to minimum wage and industry standards adopted through collective bargaining. Only deductions based on legislation or collective agreements are permitted. Wages must be paid on time, regularly and in its entirety in legal tender. Part payments in the form of goods or benefits can be accepted in accordance with ILOs specifications. The salary level must reflect employees' skills and education and with reference to ordinary working hours.

7. Reasonable working hours

The Supplier must ensure that employees do not need to work more than 48 hours per week. However, applicable national laws, standards, industry norms and collective agreements can be interpreted within the framework established by the ILO.

Overtime may only be used as an exception. It must be voluntary and may never cause employees to be subjected to significant work environment risks. Employees must have the right to breaks every workday and have a minimum of one day off per seven days, unless otherwise specified in the collective agreement, which shall then prevail. National holidays must be respected in accordance with laws or collective agreement.

8. Occupational health and safety

The workplace shall be safe and employees' health must be safeguarded. The company must be aware of any risks within the industry and take measures and work in order to prevent these.

There must be clear, comprehensive and well-communicated routines and descriptions in place for health, safety, fire protection and emergency preparedness which shall be complied with.

There must be a representative appointed by the management that works with employee health and safety.

Employees shall on a regular basis undergo relevant training in food safety and food handling and such training shall always be provided to new employees.

The employer must register near accidents, workforce accidents and workforce injuries. If an accident occurs, it is the employer's responsibility to ensure the employees receives the best possible protection and is covered by relevant insurance. Special equipment and personal protective equipment must be supplied by the employer free of charge. Special consideration shall be paid to vulnerable individuals, such as pregnant employees, young employees and employees with disabilities. Employees must have the right to leave the workplace in the event of immediate danger without requesting prior permission. This applies to all employees including migrant workers and seasonal workers. The Supplier must maintain an active cooperation between management and employees and shall both actively and proactively work with the working environment. The Supplier must ensure that there are systems in place to detect, assess, avoid and respond to potential threats to the health and safety of employees.

Employers shall also ensure that employees receive adequate medical assistance and medical facilities, ensure access to clean drinking water, safe and clean areas for eating and taking breaks.

9. Child labour

LMK Group AB does not accept child labour. This shall be controlled and followed up by all sub-suppliers. No employees under the age of 15 is allowed to work at any of the company's suppliers or sub-suppliers. If more far-reaching requirements are stated in national legislation, such requirements shall prevail. Any exceptions must be recognised by ILO. In cases where the national age is below 18 years of age, the suppliers must pay special consideration to young workers, with respect to limited working hours and the possibility to complete their education. A child's right to play and freedom may not be prevented. The company and its sub-suppliers must have routines in place enabling them to investigate and ensure that the aforementioned is complied with.

The supplier must establish routines for age-verification as part of the recruitment process, which, not in any way, may be degrading or disrespectful to the employee. Such routines shall aim to protect children from any form of exploitation. If child labour already occurs, then immediate measures must be taken. Child labour must cease immediately and an action plan in line with UNICEF and Save the Children's recommendations must be drafted, with the child's best in focus. The concerned children must be given the opportunity to attend school during a period equivalent to the requirements of compulsory school attendance in order to proactively identify measures to ensure that the concerned children are protected. When appropriate, the supplier shall offer work to adult household members of the minor child's family.

10. Special protection for young employees

The Supplier must ensure that young persons do not work at night and that they are protected against working conditions that harm their health, safety and development. Their working hours may not impact their attendance in school or their ability to benefit from education and instruction programs and must be approved by the competent authority.

11. Protection of the environment and animal welfare

Production may not be in conflict with national legislation or international regulations relating to the protection of the environment and animal welfare, such the global Nature Conservation Convention CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora). The Supplier must be conscious of its impact on the environment and take necessary measures to avoid harming the environment and to reduce its negative impact. The Supplier must adopt necessary measures to prevent or minimise negative effects on society, natural resources and the general environment, including its climate impact.

Routines and regulations for waste management and disposal of chemicals and other hazardous substances, including treatment of emissions must be established and, at a minimum, fulfil legal requirements. Regards shall be paid to environmental aspects throughout the entire value chain and not only in the company's own activities. Local, regional and global environmental issues must be considered.

12. Ethical business behaviour

In all its activities, the Supplier must adopt and follow a policy against bribery and corruption. The Supplier must not be implicated in or otherwise involved in any form of corruption, extortion or embezzlement. It must never offer, give or accept any improper monetary or other incentive.

The Supplier's employees may not be involved in any form of corruption or embezzlement.

The Supplier must always be transparent and, as far as possible be able to account for the production chain. The Supplier must always provide correct information about its business in accordance with applicable rules and industry practice. Misleading information will not be tolerated.

The Supplier must collect, use and otherwise process personal data (including from employees, business partners, customers and consumers in its sphere of influence) with reasonable care. The collection, use and other processing of personal data shall comply with laws and regulations on privacy and information security.

Mandatory audits

A Supplier operating in a country defined as being a medium or high-risk country by BSCI must sign BSCI:s Code of Conduct and ensure that a BSCI audit is carried out at the processing site(s) within six months of receiving this Code of Conduct. A link to the BSCI platform is found below: http://www.fta-intl.org/sites/default/files/final_infokit_bsci_producers.pdf

A Supplier in a BSCI defined high-risk country is excepted from the above if the Supplier follows or decides to certify itself in accordance with one of the following third-party auditing systems and provides documentation to LMK Group AB within six months of receiving this Code of Conduct:

- Member company in Social Accountability International (SAI) (SA8000)
- Ethical Trade Initiative (ETI)
- GLOBALG.A.P. Risk Assessment on Social Practice (Global G.A.P. GRASP)
- Initiative clause sociale (ICS)
- Sedex Members Ethical Trade Audit (SMETA)
- Sustainability Initiative of South Africa (SIZA)
- Worldwide Responsible Accredited Production (WRAP)

- Fairtrade*
- Rainforest Alliance*
- UTZ*

* For products containing certain high-risk raw materials as the main raw material and for which one of these ethical trade certifications or raw material programs applies, LMK Group AB requires that one of these certifications are fulfilled.

LMK Group AB reserves the right to demand that a Supplier's processing facility undergoes a BSCI audit if the media, organisations or other sources raises serious concerns regarding conditions within the specific product sector in the area.

LMK Group AB only accepts audits carried out by an accredited auditing company. Audit reports from individual auditors or companies who are not found on an accredited list will be regarded as unacceptable.

The Supplier is responsible for paying all costs in association with audits, membership and certification processes.

Reporting and verification

Upon request by LMK Group AB, the Supplier must provide documentation demonstrating that it follows this Code of Conduct. This includes documentation on

- a) The Supplier's measures to ensure compliance with the Code of Conduct and
- b) The Suppliers measures to ensure that all sub-suppliers complies with the Code of Conduct throughout the entire supply chain, from primary production to the finished product which is supplied to LMK Group AB.

The Supplier shall, at all times, grant LMK Group AB, or those authorised by LMK Group AB, free access to its facilities and all relevant records for inspection and monitoring.

Non-compliance

We do not accept that one of our suppliers:

- Presents false information either verbally or in writing
- Offers or receives bribes or is involved in any form of corruption.
- Fails to carry out improvements in case of deviations within an agreed period without a reasonable explanation
- Otherwise demonstrate that they do not share our approach on sustainable business and thereby do not respect LMK Group AB's as well as BSCI:s Code of Conduct.

All the aforementioned cases constitute sufficient grounds to terminate the cooperation with the Supplier.