The BasicNet Group

Code of Conduct

For Sourcing Centers

This BasicNet Group Code of Conduct ("Code of Conduct") outlines the basic requirements concerning working conditions that must be satisfied by all Sourcing Centers ("Sourcing Centers") appointed by the BasicNet Group or its Affiliated Companies ("BasicNet").Basic Net is highly committed that any stage of the production fully complies to the principles and provisions of the Code of Conduct, therefore, the Sourcing Centers shall be liable at any time that all of their Manufacturers adhere and comply to the principles of the Code of Conduct.

BasicNet is free to supplement these requirements at any time.

The BasicNet Group adheres and encourages its business counterparts to adhere to the highest international standards of business practices and ethics. The generally accepted international labor standards, including the International Labour Organization (ILO)'s core conventions and the Universal Declaration of Human Rights have served as the foundation upon which much of the guidelines of the present Code of Conduct are based.

It is expressly understood that BasicNet reserves the right to terminate its business relationship with the Sourcing Centers who are unwilling or unable to comply with the principles and provisions set forth in the Code of Conduct.

Child Labor

Sourcing Centers shall not use child labor. The term "child" is referred to a person younger than 15 years of age. Sourcing Centers must verify the age of their workers and maintain copies of their workers' proof of age. Sourcing Centers must follow all applicable laws and regulations regarding working hours and conditions for minors.

Involuntary Labor

Sourcing Center shall not use involuntary labor. "involuntary labor" is defined as work or service which is extracted from any person under threat or penalty for its non-performance and for which the worker does not offer himself or herself voluntarily, and includes all manner of prison, bonded, indentured and forced labor.

Disciplinary Practices

Sourcing Centers shall not use corporal punishment or any other form of physical or psychological coercion or intimidation against workers.

Non-discrimination

Sourcing Centers shall employ workers solely on the basis of their ability to do the job, and shall not discriminate on the basis of age, gender, racial characteristics, maternity or marital status, nationality or cultural, religious or personal beliefs or otherwise in relation to hiring, wages, benefits, termination or retirement.

Health and Safety

Sourcing Centers shall maintain a clean, safe and healthy workplace in compliance with all applicable laws and regulations. Sourcing Centers shall ensure, at a minimum, that workers have access to clean drinking water, sanitary washing facilities and an adequate number of toilets, fire-extinguishers, and fire exits and that workplaces provide adequate lighting and ventilation. Sourcing Centers shall ensure that the aforementioned standards are also met in any canteen and/or dormitory which is provided for workers.

Environmental Protection

Sourcing Centers shall comply with all applicable laws and regulations in respect of protecting the environment and maintain procedures for notifying local authorities in the event of an environmental accident resulting from Sourcing Centers' operations.

Wages and Benefits

Sourcing Centers shall provide wages and benefits that comply with all applicable laws and regulations or match the prevailing local manufacturing or industry rates, whichever is higher. Overtime pay shall be calculated at the legally required rate, regardless of whether workers are compensated hourly or by piece rate.

Working Hours

Sourcing Centers must comply with all applicable laws and regulations relating to working hours. Sourcing Centers shall not require workers to work, including overtime, more than 60 hours per week or more than any maximum number of hours per week established by applicable laws and regulations, whichever is less.

Sourcing Centers shall guarantee that workers receive at least one day off during each seven-day period.

Freedom of Association

Sourcing Centers shall respect the right of workers to associate, organize and bargain collectively in a legal and peaceful manner, without penalty or interference.

Familiarization and Display of This Code of Conduct

Sourcing Centers shall familiarize workers with this Code of Conduct and display this Code of Conduct, translated in the local language, at each of their facilities in a place readily visible and accessible to workers. It is expressly understood that the Sourcing Center shall be held responsible on the truthfulness of the translation of the Code of Conduct in the local language. This English version of the Code of Conduct shall anyhow prevail in any case of conflict of interpretation.

Legal Requirements

Sourcing Centers shall comply with all legal requirements applicable to the conduct of their businesses, including those set out above.

All references to "applicable laws and regulations" in this Code of Conduct include local and national codes, rules and regulations as well as applicable treaties and voluntary industry standards.

Manufacturers

The Sourcing Centers shall carefully select the manufacturers and avail themselves only of those who respect the human rights and ensure that they fully comply to the principles set forth in this Code of Conduct.

Monitoring of Compliance

Sourcing Centers authorize BasicNet and BasicNet's representatives to conduct scheduled and unscheduled inspections of Sourcing Centers' facilities for the purpose of ensuring compliance with this Code of Conduct. During these inspections, BasicNet and its representatives shall have the right to review all employee-related books and records maintained by Sourcing Centers and to interview workers.

Corrective Action

When violations are found, BasicNet and the Sourcing Center concerned will agree on a corrective action plan that eliminates the problem in a timely manner. If it is determined that a Sourcing Center is knowingly and/or repeatedly in violation of this Code of Conduct, BasicNet shall take appropriate corrective action, which may include cancellation of orders and/or termination of business with the Sourcing Center in question.

Agreement to the Code of Conduct

BasicNet is dedicated to full and complete compliance with all laws and regulations applicable to the conduct of its business and expects its Sourcing Centers utmost cooperation and commitment with such efforts. It is therefore requested that the owner, president, managing director, or chairperson for your company sign and return a copy of this letter thereby confirming your understanding of its contents and agreement to undertake the obligations it sets fourth.

Please return a signed copy within (30) days of this letter. If BasicNet does not receive a timely response, it will be forced to review its relationship with your company.

We highly value the relationship with your company and believe that you share our compliance concerns. Thank you in advance for your cooperation and we look forward to continuously strengthening our relationship for the years to come.

Name: _____ Title: _____

For and behalf of _____

Date and Signature: _____