



Business Partner Code of Conduct

Fred's Incorporated ("Fred's") conduct our business in accordance with high ethical standards and expect our business partners to share in this philosophy. We utilize these standards in the selection of our business partners, expecting full compliance from our business partners, including all manufacturers, contractors, subcontractors and suppliers utilized in the manufacture of products for Fred's. Fred's will always strive to improve the working environment for those involved in the production of our products. It is imperative that our customers have confidence that our products are produced in facilities that are in full compliance with regulatory requirements regarding workers' rights, provide a safe and healthy work environment and adhere to all Fred's Business Partner Code of Conduct policies as set forth herein. Participation in this program and adherence to program policy is mandatory for all Fred's business partners.

I. WORK ENVIRONMENT

Fred's will only work with business partners who provide a safe and healthy workplace that complies with all local laws. Business partners who provide dormitory and/or residential facilities for their workers must ensure these facilities are safe, healthy and in compliance with local standards. Fred's expects all business partners to promote employee health and safety through internal training and awareness programs.

II. LABOR POLICY

Fred's will not knowingly work with business partners who use forced or compulsory labor, perceived or otherwise, in the manufacture of products for our stores. Labor, including overtime, shall be voluntary at all times.

III. EMPLOYEE DISCIPLINE

Fred's will not knowingly work with business partners who utilize physical or mental punishment, including psychological coercion, against their employees, perceived or otherwise. Employees shall be treated with dignity and respect at all times.

IV. EQUAL EMPLOYMENT OPPORTUNITIES

Fred's has the highest respect for cultural differences. However, we believe workers should be employed based upon their abilities, rather than their race, gender, personal characteristics or beliefs. Evidence of discrimination or discriminatory behavior in the workplace, of any form, will not be tolerated.

V. WORKERS' RIGHTS

Fred's expects that its business partners will abide by all applicable local laws respecting the rights of workers. Business partners are encouraged to develop internal programs, policies and procedures that clearly define their business practices and provide employees with a viable means of managing conflict and resolving disputes.

VI. WORKING HOURS

Fred's seeks business partners that do not require employees to work a number of hours, during a week, that exceed local laws or business customs. Business partners should maintain a workweek consistent with normal hours of operation for their industry, with compensated overtime, in compliance with local laws.

VII. WAGES & BENEFITS

Fred's seeks business partners that provide wages and benefits in compliance with local laws and that are committed to the betterment of wage and benefit levels that address the basic needs of workers and their families.

VIII. CHILD LABOR

Fred's will not knowingly work with business partners who utilize child labor. Child labor is defined as either being below the local minimum working age, or the age of 14, whichever is greater.

IX. COUNTRY OF ORIGIN

Fred's will not knowingly work with business partners who use deceptive trade practices to deliberately misrepresent country of origin in order to evade quota or other import restrictions or duties on any product(s) that will be sold in our stores.

X. ENVIRONMENTAL

Fred's will not knowingly work with business partners who are not in full compliance with all applicable environmental regulations. Business partner agrees to permit and fully cooperate with any inspection, audit or product testing by Fred's or Fred's representatives at business partner's facilities or the facilities of business partner's direct or indirect supplier(s). Failure to comply with the requirements detailed in this document may lead to the immediate cancellation by Fred's of all outstanding purchase orders or other business with business partner. Furthermore, Fred's reserves the right to reject or return any merchandise not produced or supplied in compliance with the foregoing and to charge business partner for any and all cost, expenses, and/or losses in connection with such rejection or return resulting from business partner's failure to comply with said Standards.

I, _____ (name), of _____ (Business Partner or Vendor), the manufacturer/owner/agent of the merchandise described in Fred's Purchase Orders warrant, represent, and certify that all merchandise was produced or manufactured by (Business Partner or Vendor) _____ in full compliance with the above referenced requirements.

Print: _____

Signature: _____

Date: _____

Title: _____