

SUBJECT: **Ethics Policy and Certification Process**

1.0 POLICY

JPS Industries, Inc. and its subsidiaries (collectively referred to as the "Company") and its employees, officers and directors will adhere to the highest ethical and moral standards in the conduct of its business. This policy applies to all employees, officers and directors of the Company. All references herein to "employees" shall refer also to officers and directors. This Policy Statement is issued to guide employees in appropriate business conduct, and to prescribe a regular certification process that will promote awareness of and adherence to the ethical standards outlined in this Policy Statement.

2.0 LAWS AND REGULATIONS

In the conduct of the business of the Company, there shall be strict compliance with all laws and administrative regulations, federal, state, local and foreign, wherever they affect the Company.

Examples of illegal acts include, but are not limited to, theft, fraud, embezzlement, misappropriation of Company physical assets, direct disbursement of Company funds for personal expenses, taking kickbacks of money or property from vendors or customers, offering bribes, evading taxes, falsifying financial results, engaging in anti-trust activities, and failure to comply with environmental laws. While many unlawful activities are discussed further in this Policy Statement, it is impossible to cover every conceivable situation that an employee may face. It is the duty of every employee to espouse the highest standard of ethics, morality, honesty and decency in the performance of his job.

If you are unsure whether certain conduct is lawful or ethical you should talk to your supervisor or human resource manager. Where laws or regulations are ambiguous, difficult to interpret, or of questionable relevance, JPS Corporate and appropriate counsel should be called upon for advice.

3.0 RELATIONS WITH CUSTOMERS AND SUPPLIERS

3.1 If there is an intermediary between a customer or a supplier and JPS, the intermediary should be a regularly established agent or distributor charging established fees or commissions. In no event should irregular finder's or other fees or commissions be paid with respect to sales to any federal, state, local or foreign government.

3.2 Entertainment of customers, or by suppliers, should be confined to normal business courtesies involving no more than ordinary amenities. Such entertainment should not involve an effort to affect an individual's judgment or

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business decision, or to cause his personal enrichment. Local custom contrary to the foregoing which may prevail either in areas of the United States or abroad is not a sufficient reason for variance from the foregoing principles for JPS employees either in the offering or receiving of gifts or entertainment amenities. Entertainment beyond normal lunches or dinners should be approved by the Division President or Human Resource Manager.

4.0 POLITICAL CONTRIBUTIONS

JPS will not contribute to a political party, a campaign, a candidate for federal, state or local office, or a political committee. No JPS employee or director shall be reimbursed, directly or indirectly, by the Company for any personal political contribution.

Except when serving on behalf of a political fund-raising committee duly registered with the Federal Election Commission under the Federal Election Campaign Act, no JPS employee shall solicit from any other JPS employee any political contribution.

5.0 CONFLICTS OF INTEREST

5.1 No JPS employee or director shall:

- a. Hold a material interest (directly or indirectly, by the employee or his close relations) in, or engage in the management of, or act as a consultant for (i) any firm which provides services or materials or equipment to the Company, or (ii) any firm which is in competition with the Company, or (iii) any firm to which the Company makes sales. Ownership of less than 5% of the total outstanding stock of a Company shall not constitute a material interest. It is permissible for a JPS employee or director to serve on the Board of Directors of another corporation provided such membership on its Board of Directors is effectuated in a manner fully in compliance with the provisions of this Policy Statement, and such membership receives prior approval from the JPS Industries, Inc. Board of Directors.
- b. Hold any familial or other personal relationship with any of the Company's suppliers, customers, or competitors that could create conflicting loyalties. For example, an employee involved in any way with the purchasing function will appear to have a conflict of interest if the Company purchases items from a vendor owned by a family member. In cases similar to this example, an independent review by the Chief Financial Officer is necessary to protect both you and the Company.
- c. Personally borrow money from suppliers or customers.
- d. Accept favors or gifts from suppliers or customers, including cash, services, vacations, or discounts for himself or any member of his family

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or household which have greater than nominal value. Inexpensive promotional items, such as pens, golf balls, monogrammed hats and shirts, etc. may be accepted. If you are uncertain if an offered gift can be ethically accepted, contact your Human Resource Manager or Division President.

- e. Acquire any financial interest in any property or any other Company which JPS is considering acquiring.
- f. Speculate in equipment, supplies, materials or property customarily purchased or sold by the Company.

6.0 COMPANY RECORDS, REPORTS AND COMMUNICATIONS

The books, accounts and records of the Company shall reflect full, true and accurate recordings of all Company transactions. It is the policy of the Company to make, and it is the duty of JPS employees to ensure, full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, any governmental authority and in other public communications by the Company. No JPS employee shall permit any false entry in the books, accounts or records which obscures the purpose or intent of a transaction. Examples of the latter include but are not limited to artificially accelerating revenue recognition, misstating inventories, manipulation of earnings to meet a forecast, concealment of fraud, granting of excessively liberal terms to accelerate sales, etc.

- 6.1 No JPS employee shall permit or approve the making of any payment on behalf of the Company with the intention or understanding that any part of such payment is to be used for a purpose other than that reported or described in the documents supporting the payment.
- 6.2 Every JPS employee making a report of any JPS operation under this control or within the purview of his duties shall make a full, complete and accurate report whether it be intended for use within the Company, or for its auditors, or for external use.
- 6.3 JPS employees deal on a daily basis with confidential information about the Company. This information includes business plans, manufacturing processes and technology, marketing and pricing information, customer lists, etc. JPS's business could be damaged if this information were disclosed to competitors or to anyone else outside the Company. Additionally, sensitive information should not be disseminated due to the potential for illegal stock trading based on inappropriate information. This issue is discussed further in the section on Improper Trading.

Each employee should assume that all information about JPS and its business is confidential. As such, an employee must not disclose such information to any person outside the Company without the Company's prior consent. If, however,

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JPS has disclosed the information in its reports to stockholders or the employee can otherwise verify that the information is publicly known, the information does not need to be treated confidentially.

- 6.4 JPS Industries has in place a standard policy for record retention. Employees should not destroy any company records prior to the prescribed destruction date. Additionally, records, including e-mails, relating to any matter (i) where there is a reasonable belief that a lawsuit or governmental inquiry or investigation is anticipated or contemplated, or (ii) that is currently under investigation by any governmental authority should not be destroyed, regardless of age.

7.0 ANTITRUST LAWS

Antitrust laws are intended to preserve fair competition in business. Examples of activities which violate antitrust laws include agreements among competitors to fix prices, discounts, or terms of sale; divide markets, customers, or territories; or refused to deal with, or boycott, third parties. Each of these activities can lead to severe civil and criminal penalties, as well as jail sentences and fines for the responsible individuals.

While JPS employees should compete vigorously and aggressively in the market, they must do so fairly and without any anti-competitive understandings or agreements with competitors.

8.0 IMPROPER TRADING

An employee may not use his or her access to material, non-public information regarding the Company for personal gain or to aid others to realize personal gain. Thus a purchase or sale of securities of the Company cannot be made if, at the time, the employee is in possession of material information regarding the Company that has not been publicly disclosed and that, if publicly known, might reasonably be expected to impact the price or trading activity in the security, or influence the other party to the transaction in his or her own decision to sell or buy. Further, a purchase or sale of securities of another company cannot be made if, as a result of employment with the Company, the employee comes into possession of material information regarding the other company that has not been publicly disclosed, and that, if publicly known, might reasonably be expected to impact the price or trading activity in the security, or influence the other party to the transaction in his or her own decision to sell or buy.

Examples of material non-public information may include the following:

- a. a pending acquisition, sale, merger or similar transaction of a material nature;
- b. a contemplated dividend, stock split or recapitalization transaction;
- c. an unexpected sharp increase or decrease in revenues, earnings or losses for the current period or an extraordinary gain or loss (whether or not a cash

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item);

- d. a pending default under outstanding loans; and
- e. the occurrence of any other event (such as new product development or product defect) which, if publicly known, would be likely to result in an increase or decrease in the stock price or trading activity.

If an employee purchases or sells securities when information of this character has not yet been publicly announced (either by means of a press release or in an SEC filing), he or she may be exposed to civil and criminal liability (and possible SEC sanctions).

Similarly, information of this character may not be disclosed (“tipped”) to friends, relatives or others, even though the employee does not share (or expect to share) in the profits realized by the “tippee.”

It is important to note the trading issues discussed in this section apply to ALL EMPLOYEES. Directors, executive officers, and any employees who are also shareholders and who beneficially own at least 10% of the outstanding common stock of the Company must also comply with additional securities laws which are discussed in Appendix A to this Policy Statement. Even if a purchase or sale of securities might be permissible under all of the provisions discussed in Appendix A, such purchase or sale cannot be made if the individual has material, non-public information as discussed above.

9.0 VIOLATIONS OF THE CODE OF ETHICS

Violation of the provisions of this Policy Statement may result in disciplinary action, varying from reprimand to dismissal. If an employee becomes aware of a violation of a governing law or statute, an irregularity regarding accounting, internal accounting controls, or auditing matters, or any other violation of the Company code of ethics, that individual should inform a member of JPS management. The employee is encouraged to report the violation to his or her immediate supervisor, or a higher level of management if preferred. Failure to report a known policy violation is, in itself, a violation of Company policy. No employee who makes such a report can be discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against because of making such a report.

However, if the employee wishes to make a confidential, anonymous submission, the Company provides a hotline for employee complaints via a toll free line. Details of this anonymous hotline must be posted prominently on bulletin boards at all Company locations.

10.0 AMENDMENTS AND WAIVERS

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Except as herein otherwise expressly provided, no amendments or waivers of this Policy Statement or its provisions can be made without the prior approval of the Board of Directors of the Company. Any such waiver for the benefit of a director or executive officer will promptly be disclosed to the public.

11.0 DISSEMINATION OF THIS POLICY STATEMENT

- 11.1 At least once every two years, Subsidiary chief operating and financial officers will have copies of this Policy Statement distributed to all employees. New hires should receive a copy of this Policy Statement upon beginning work. Supervisors will discuss the contents of this Policy Statement with personnel over whom they exercise supervision. Executive officers and Directors will also receive Appendix A – Securities Laws.
- 11.2 By November 20 of each applicable year, Corporate officers, and Subsidiary chief operating, chief financial, and chief accounting officers, will execute and return to the Corporate CFO a completed Statement of Compliance, with any exceptions noted, in the form attached as Exhibit I. Other employees will not be required to sign a compliance statement.
- 11.3 If this Policy Statement is amended in any significant way, the certification process will be performed immediately upon issue of the amended policy.
- 11.4 This Policy Statement will be publicly disclosed.

SUBJECT: **Ethics Policy - Exhibit I**

STATEMENT OF COMPLIANCE

To: Corporate Chief Financial Officer

I have read, and understand, the JPS Industries, Inc. Ethics Policy ADM04. I hereby affirm that to the best of my knowledge and information, there have been no violations of any of the provisions of this Policy Statement, except as listed below.

Signature

Location

Print or type name

Date

List any exceptions below:

