

Code of conduct for suppliers

Introduction

At K.B.M Kvillebäckens Mekaniska Verkstad AB (hereafter 'KBM') our values are the foundation and the guidelines for the way that we do business, and function as a value base for our employees as to how they should conduct day-to-day business.

We are dedicated to being a responsible employer and a good corporate citizen. The Code of Conduct represents our core values and reflects our continued commitment to ethical business practices and regulatory compliance. We are aware that our responsibility goes beyond our own activities, and we take a responsible approach throughout the entire supply chain. The Code of Conduct reflects our continued commitment to ethical business practices as well as social and environmental responsibilities in line with the ten principles of the UN Global Compact, and we expect our suppliers and business partners to share this commitment.

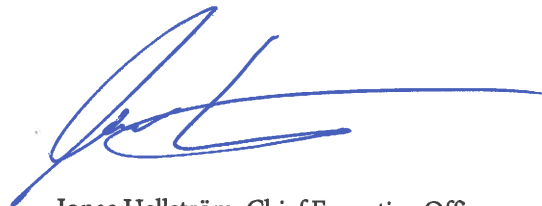
The Code applies to all suppliers, contractors and business partners (hereafter the 'Supplier') of KBM worldwide. The purpose of this Code of Conduct is to ensure that our suppliers understand how we see responsible business practice, and to set forth our expectations to our suppliers.

KBM requires our suppliers to ensure that their suppliers, as well as themselves, follow and comply with this Supplier Code of Conduct, and fully understand the content and obligations set forth. The Supplier must offer assistance and training when required to fulfil the set obligations.

We thank you for your commitment to our Code of Conduct.



Per-Olof Almqvist, Chairman of the board



Jonas Hellström, Chief Executive Officer

Human rights

It is important for KBM that all people related to our business are treated with respect and dignity. We expect our suppliers to respect human rights, including the principles set forth in the International Bill of Human Rights and the International Labour Organisation's (ILO) declaration on Fundamental Principles and Rights at Work.

Discrimination

At KBM, we welcome diversity and value individual differences. Discrimination of any form is not tolerated, which includes discrimination based on sex, race, colour of skin, religion and beliefs, political opinion, sexual orientation, age, handicap or national, social and/or ethnic origin. Likewise, we expect our business partners and suppliers to treat employees fairly without discrimination.

- Employees must have equal opportunities and treatment in employment and when hiring new employees.

Forced labour and human trafficking

KBM will not conduct business with suppliers that are associated with any form of bonded labour, forced labour, labour with a fear of punishment or any form of human trafficking.

- Employees must work at their own will and employees must have the right to terminate their employment at a reasonable notice.

Child labour

KBM will not conduct business with suppliers that are associated with any form of child labour. Every child is to be protected from economic exploitation and from carrying out work that can be considered to have a negative effect on the child's education or harmful to the child's health or development. If child labour is detected by KBM, we will require that the Supplier shall act in the best interest of the child, this is not negotiable.

- Suppliers must not tolerate the use of child labour. Suppliers must not employ anyone who is under the age of 15 or who is subject to compulsory school attendance. However, in countries where permitted by local laws, children between 13 and 15 of age may perform a few hours of light work (simple, limited tasks under adequate adult supervision) or may work as part of an educational program or during school holidays. Such employment must not affect the child's primary education or imply a risk to its health or physical / psychological development. Children and young persons under the age of 18 may not be engaged in night work or work under conditions which compromise their health, safety or moral integrity and / or which harm their physical, mental, spiritual, moral or social development.

Right to privacy

We expect our suppliers to:

- Respect employees' right to privacy when gathering and keeping personal information or if monitoring employees.

Employees

At KBM, our employees form the basis of our success. We are committed to provide a motivating and inspiring work environment for our employees. Likewise, we expect our suppliers to focus on employee well-being and provide a safe work environment with proper terms of employment.

Working conditions

Employees must be treated within the applicable national or local laws as well as industry practice and collective bargaining agreements regarding employment.

- Working conditions, hours, rest periods, leave and wages should be in accordance with local regulations and industry practice, and should be at a level that enables a decent living standard according to local conditions.
- Wages may not be withheld as a disciplinary sanction. Any deductions from wages should be transparent and clearly stated on payslip

Health and safety

Suppliers must provide a healthy and safe working environment for all employees. We expect suppliers to:

- Follow all applicable local laws and regulations to prevent accidents and injury to health.
- Continuously improve working conditions and reduce workplace related risks and hazards by e.g. having a health and safety management system in place, ensuring management responsibilities, providing necessary safety training and equipment to employees, setting targets and conducting training.

Freedom of association and collective bargaining

Suppliers must respect its employees' right to organize themselves and negotiate collective wage agreements. We expect our suppliers to ensure that:

- Employees have freedom of association and the right to collective bargaining consistent with applicable laws.

Climate and Environment

At KBM, it is important that we conduct business in a sustainable way with care for the environment. We are aware that acting responsibly goes beyond our own activities, and we therefore expect our suppliers to carry out operations with care for the environment and to strive to minimize adverse impacts on the environment, such as disproportionately large amounts of CO2 emissions and waste. Our long-term target is to phase out fossil fuels related to our business activities and we expect our suppliers to have similar long-term targets.

- Suppliers must comply with local environmental regulation and maintain the necessary registrations, permits and licenses.
- We expect suppliers to handle air emissions and appropriately handle waste, attempt to minimize waste and to reuse and recycle resources and materials.
- Suppliers must monitor and continuously strive to improve environmental performance, by having an environmental management system in place, preferably one that is certified an accordance with ISO 14001 or equivalent

Anti-corruption and business ethics

At KBM, we ensure that business decisions are made with high ethical standards and in compliance with the law. We work against corruption in all its forms, including bribery and facilitation payments. Likewise, it is important for us that our suppliers do not engage in any form of corrupt practices, and we expect suppliers to maintain adequate procedures for preventing employees, suppliers etc. from undertaking any illegal behaviour regarding corruption.

Anti-corruption:

We expect our suppliers to:

- Not engage in any form of corrupt practices, including bribery and facilitation payment, whether direct or indirect. This means that a supplier must never, directly or through intermediaries, accept or offer bribes. Suppliers shall also refrain from offering expensive gifts or extravagant entertainment to KBM in an attempt to influence business decisions.
- Maintain adequate procedures for preventing employees, suppliers etc. from undertaking any illegal behaviour regarding corruption.

Fair competition

We expect our suppliers to:

- Act in compliance with national and international competition legislation and regulation.
- Behave fairly in competition and observe the applicable legal provisions that safeguard free competition. Thus, our suppliers should not make agreements or concerted practices with other companies aimed at or resulting in the prevention, restriction or distortion of competition. We expect that our suppliers do not abuse any dominant position on the market in an unlawful manner.

Confidential information

We expect our suppliers to:

- Keep all confidential and proprietary information in strict confidence, except when authorised or legally required to disclose information and data.

Conflict of interest

We expect our suppliers to:

- Notify without delay of any condition which could be or could be perceived as a conflict of interest. A conflict of interest arises when two or more interests are in conflict, i.e. a personal interest conflicting with the company's interests.

Compliance

KBM requires that our suppliers comply with the expectations laid out in the Code of Conduct. Moreover, all suppliers must always, as a minimum comply with local laws and regulations in their countries of operation. We encourage our suppliers to go beyond legal compliance and continuously seek to improve ethical, social and environmental performance.

KBM reserves the right to audit suppliers and their facilities to ensure compliance with KBM's Code of Conduct. In order to verify suppliers' compliance with the Code of Conduct, our suppliers shall be prepared to provide KBM with access to relevant and reasonably requested information and documentation during an audit.

In case the supplier fails to comply with the terms of this supplier Code of Conduct, KBM has the exclusive right to require improvements by the supplier in related matters. If improvements are not made within a KBM established time period, KBM has the exclusive authority to terminate its contract and business with the supplier.

The supplier must comply with all relevant and applicable regulation, including regulation related to conflict minerals and environmental requirements such as REACH (Registration, Evaluation and Authorisation of Chemicals) and RoHS (Restriction of Hazardous Substances).

Certification

After reading the KBM Code of Conduct for suppliers, you must read and sign the certification below.

By signing below, I certify that I have read and understand KBM's Code of Conduct for Suppliers and agree to comply with it. Furthermore, I am aware that I am signing on behalf of the company I am representing and confirm that I am authorised to do so.

Date and place:

Full name:

Title/Position:

Company: