Axel Johnson International AB markets and distributes products and customised solutions to industrial customers, local distributors and retailers. The Group has four divisions: AxLoad, AxDrive, AxIndustries and AxFlow, with operations in over 20 countries in Europe. Turnover is approximately SEK 6 billion annually. For more info visit www.axinter.se.

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PREFACE

Axel Johnson International is a large network of companies where sustainable business and respect for individuals are at the core of our company profile.

As such, we are committed to a centralized sustainability policy which includes respect for universally recognized standards for the environment, human rights, labour, and anti-corruption. It is essential to us that all employees involved in our supply chain are treated with respect and dignity, provided with good working conditions and exposed to environmentally responsible manufacturing processes.

Therefore, we want to ensure that all our suppliers operate in compliance with the terms and standards of our Code of Conduct. This code, adhered to by all Axel Johnson International group companies, establishes a set of minimum standards and outlines clearly what requirements and control mechanisms we have set to achieve in our daily work.

**Code of Conduct – a commitment for our long term partners**

The aim of this Code is to ensure our supply chain relationships are built upon relevant values and are assessed fairly across the globe. We wish to exercise positive impact and increase transparency in our supplier base in order to strengthen relationships where most needed. In case of non-compliance with our Code of Conduct, we will help to establish a plan to reach full compliance and close the gaps.

**Your commitment**

As an important part of our ongoing business relationship, we ask you to sign our Code of Conduct to indicate that your company accepts to comply with the globally established terms and regulations; in other words our view of fair play and strive to act responsibly in the communities we are present – directly or indirectly.

Thank you for sharing a joint belief in doing business responsibly together.

Kind regards,
Äsa Holmgren

Director HR, Communication & Sustainability
Axel Johnson International AB
INTRODUCTION

The purpose of this Code of Conduct is to ensure that the suppliers we engage with operates in accordance with internationally recognized minimum standards on human rights, labour and the environment. Axel Johnson International group companies adhere to the principles of this Code and expect the same of its suppliers.

Compliance with the terms of this Code of Conduct or a comparable code is considered a basic condition of any agreement or contract between any Axel Johnson International group companies, hereafter referred to as AxInter, and a supplier. See appendix for further details and definitions of a comparable code.

We do not wish to cease any business relationship between our company and any supplier, but to help suppliers improve social and environmental standards where gaps can be detected.

However, we will not conduct business with a supplier if compliance with the terms of this Code is deemed impossible. Nor will we conduct business with a supplier engaged in violations of fundamental human rights (see zero-tolerance standards towards the end). AxInter will periodically review the adequacy and continuing effectiveness of this Code of Conduct.

Scope of Application

The terms of this Code extend to the company as a corporate body and its workers, regardless of their status or relationship with the supplier. This Code of Conduct therefore also applies to workers who are engaged informally, on short-term contracts, or on a part-time basis.

It is the responsibility of each supplier to ensure that its sub-suppliers do not violate the standards of this Code of Conduct.

Legal Compliance

In addition to meeting the terms of this Code, the supplier shall comply with all national laws and regulations, as well as other applicable industry standards (e.g. collective bargaining agreements or other Codes of Conduct).

Where there are differences between the terms of this Code and national laws or other applicable standards, the supplier shall always adhere to the higher or more stringent requirements. Conflicts between this Code and national laws or other applicable standards shall be evaluated by AxInter in cooperation with the supplier and relevant stakeholders. If any conflicts are detected, the supplier must inform AxInter immediately.

Communication & Raising Awareness

It is the supplier’s responsibility to ensure that the standards included in this Code of Conduct is communicated to all employees as an integrated part of the suppliers own regulations and management policies. All relevant employees, including managers and supervisors, should be informed through appropriate means of communication (i.e. understandable language) and training if deemed needed.
CHARTERS OF THE CODE OF CONDUCT

Labour and Human Rights charters
1. Forced labour and freedom of movement
2. Child Labour and Young Workers
3. Discrimination
4. Freedom of association

Health and Safety charters
5. Workplace Health & Safety
6. Conditions of Employment and Work

Ethics charter
7. Bribery and corruption
8. Disclosure of information
9. Intellectual property

Environmental charters
10. Hazardous Substance Management and regulations
11. Environmental permits and reporting
THE CODE OF CONDUCT

1. Labour and Human Rights
   [ILO C8; C182; C29; C105; C95, Universal declaration of human rights, UN Global Compact principles #1, 2]

   Suppliers to AxInter must uphold the human rights of workers, to treat them with dignity and respect as understood by the international community.

1.1 Forced Labour and Freedom of Movement
   [ILO 29; 105]

   The supplier must not participate in, or benefit from, any form of forced labour including bonded labour, forced prison labour, slavery, or human trafficking, in accordance with the ILO-conventions. Workers must have the freedom of movement during the course of their employment.

   Forced, bonded or compulsory labour is defined as forcing people to work against their will or under pressure from a threat or punishment.

1.2 Retention of monetary and/or material goods
   [ILO 95]

   The supplier must not withhold any part of any person’s salary, benefits, property or documents (e.g. identity cards and travel documents) in order to force such personnel to continue working for them.

1.3 Disciplinary measures

   The supplier shall treat all personnel with dignity and respect. The supplier shall not engage in or tolerate the use of corporal punishment, mental or physical coercion and verbal abuse of personnel.

2. Child Labour and Young Workers
   [ILO 138; 182, UN Convention on the rights of the child, UN Global Compact principle #5]

2.1 Minimum Age Requirements

   The supplier shall not engage in, or benefit from, the use of child labour. The minimum age for employment shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years (or 14 years where established by national laws in accordance with the ILO developing-country exception).

2.2 Educational Remediation Program

   If the supplier becomes aware that it is employing children of school age according to above established requirements, it shall ensure that the children are enrolled in a remediation program, rather than being summarily terminated from employment. The program shall include access to education and financial support and shall be decided in consultation with the child and family or next of kin.

2.3 Apprenticeship Programs

   Apprenticeship programs for young workers (below 18 years of age) must be remunerated and clearly aimed at training.

2.4 Hazardous and Harmful Work

   The supplier shall refrain from hiring young workers (below 18 years of age) to perform any type of work, which is likely to jeopardize their health, safety or morals.

3. Discrimination

3.1 Discrimination in Employment-related Decisions
   [ILO C100; C111, C1183, UN Global Compact principle #6]

   The supplier shall not engage in or support discrimination on the basis of race, colour, sex, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, health status, pregnancy, family responsibilities, age, and disability or other distinguishing characteristics. Hiring, remuneration, benefits, training, advancement, discipline, termination, retirement or any other employment-related decisions shall be based on relevant and objective criteria.

4. Freedom of Association
   [ILO C87; C98, C135, C154, UN Global Compact principle #3]

4.1 The Right to Freedom of Association and Collective Bargaining

   The supplier must not interfere with the workers’ rights to form and join unions or other associations of their own choosing, and to bargain collectively. Nor shall the supplier discourage membership of unions. Workers’ representatives shall not be subject to discrimination and shall be given access to employees at the workplace. The supplier must recognize elected workers’ representatives and bargain in good faith with them regarding all important concerns at the workplace.
4.2 Alternative Measures in Case of State Prohibition on Unions
If trade unions are not allowed in the area of operation, or only state authorized organizations are allowed, then the supplier shall facilitate, and not prevent, alternative measures to allow employees to gather independently to discuss work-related matters and a forum to present work-related concerns to management.

5. Workplace Health and Safety
[ILC148, C155, C161, R164]
Suppliers must be committed to creating safe working conditions and a healthy work environment for all of their workers.

5.1 Health and Safety Standards
The supplier shall ensure that its workers are offered a safe and healthy working environment with adequate protection from fire, accidents and toxic substances. This includes but is not limited to preventive actions such as evacuation procedures, emergency training and drills, appropriate first-aid supplies, appropriate fire detection and suppression equipment and well-marked exit facilities. Adequate health and safety policies and procedures must be established, communicated and followed.

5.2 Training and Protective Gear
The supplier shall provide its employees with the protective equipment and training necessary to perform their tasks safely.

5.3 Occupational Safety
Suppliers shall comply with all the applicable health and safety related laws and regulations. Workers shall never be disciplined for raising safety concerns and for refusing working in an unsafe environment. Clear procedures shall be in place to identify, manage, record and report occupational injuries and illnesses appropriately. Furthermore, Suppliers shall implement corrective actions to eliminate the root causes of injuries and illnesses. Where hazardous substances are used, relevant supervision, controls and emergency plans shall be provided. Suppliers shall ensure washing facilities near acids and other corrosive substances. Electrical equipment and wires shall be safely insulated, equipped with safety fuses and regularly inspected and repaired.

5.4 Physically Demanding Tasks and Ergonomics
Suppliers shall identify physically demanding tasks, and evaluate and control worker exposure to these tasks. Examples of these tasks include heavy lifting and heavy material handling, prolonged standing and highly repetitive tasks. Suppliers shall ensure that workers are not subject to unnecessarily poor work ergonomics, and this applies especially to physically demanding tasks.

5.5 Sanitary Infrastructure
The supplier must provide a suitable, clean and sanitary infrastructure, including access to toilets and potable water, which conforms to the needs and numbers of its employees. Accommodation, if provided by the supplier, shall conform to the same requirements, including the general provisions on health and safety standards listed above.

6. Conditions of Employment and Work
[ILC C14, C131]

6.1 Workplace Violence, including Assault, Harassment and Threats
The supplier shall protect workers from acts of physical, verbal, sexual, or psychological harassment, abuse, or threats in the workplace, whether committed by managers or fellow workers including determining and implementing disciplinary measures.

6.2 Remuneration
The supplier shall comply with legal minimum standards or industry benchmark standards concerning wages and benefits, whichever is higher. In any case, the supplier shall always provide a ‘living wage’, which means that workers should be able to meet the basic needs of themselves and their dependents, as well as provide some extra income left for spending after necessities like shelter and food are paid for. Overtime shall be remunerated and clearly specified. Vacation, including time off, sick leave, holidays and parental leave shall be remunerated according to national law. Wages shall be paid directly to the employee or someone elected by the employee, and on a regular basis. Deductions from wages shall be transparent and must never be used as a disciplinary measure.

6.3 Established Working Relationship
All workers shall be provided with a written, understandable, and legally binding labour contract. The supplier shall not rely on part-time, short-term or casual labourers, trainees or false apprenticeships to pay lower wages and/or reduced benefits.
6.4 Leave
The supplier shall grant employees holiday and sick leave each year according to national laws. Women or men, who take parental leave, must not face dismissial or threat of dismissial, and shall be able to return to work in their former employment or equal at the same rate of pay and benefits.

6.5 Hours of Work, Rest Periods and Breaks
The supplier shall ensure that the work-week is limited to 48 hours, and under no circumstances exceed 60 hours including overtime. Overtime shall be voluntary and infrequent. Employees are entitled to at least one day off per week, and shall be given reasonable breaks while working and sufficient rest periods between shifts.

7. Ethics

7.1 Bribery and corruption
[UN Convention against Corruption, UN Global Compact principle #10]
AxInter has a zero tolerance policy on bribery and corruption. This applies to all of AxInter business and transactions in all the countries in which we and our supplier’s business operate. Following Nations Convention against Corruption (UNCAC), we strive to fight corruption and bribery through increased transparency and governance downstream in our supply chain, alongside implementing internal anti-corruption policies.

Our zero tolerance policy effectively means that the supplier shall not, directly or indirectly through agents or consultants, participate in or endorse any corrupt practices, such as bribing or any other method, to unjustly influence public officials, the judiciary and/or private parties to gain improper advantage.

8. Disclosure of information
Our business commitment is dependent upon co-operation, mutual trust and respect between our suppliers and AxInter. All observations, discussions and written information received from AxInter are to be treated confidentially by the supplier, its employees and any third party organizations appointed by either side.

9. Intellectual property
Suppliers must respect intellectual property rights and recognize the value of intellectual property such as patents, designs, pictures, trademarks, trade secrets and copyrights. Transfer of technology and know-how must be done in a manner that protects intellectual property rights.

10. Environment
[ILO C170, UN Global Compact principles #7-9, UN Environmental Programme]
At AxInter, environmental responsibility are an integral part of our business practices. Acknowledging the UN Global Compact principle #7-9 and UNEP’s guidelines to make an impact, we promote suppliers who are committed to reducing their environmental impact.

The supplier shall work towards reducing its environmental impact through an active and responsible leadership. The most commonly prioritized aspects of environmental impact are; exploitation of natural resources, energy, fresh water, emissions to air and water, noise and dust, risks to cause soil pollution, waste disposal and product related aspects such as design, packaging and transportation.

We encourage our suppliers to have a documented Environmental Management System (EMS) in place in order to manage the organization’s procedures and production processes in a comprehensive and documented manner, specifically adhering to environmental regulations.

10.1 Hazardous Substance Management and regulations
The supplier must comply with all national laws and regulations prohibiting or restricting specific substances. Suppliers shall for example comply with material restrictions (e.g. REACH) and continuously maintain records of relevant raw material declarations such as Material Data Sheets (MDS) or similar. In terms of documentation, suppliers must have appropriate management systems and routines in place in order to monitor:
• The handling of any chemicals in its operations in an environmentally safe way;
• The handling of any Conflict minerals* (see appendix for list) shall follow international rules to implement reporting and disclosure requirements regarding conflict minerals.
• The handling, storing and disposing of hazardous waste in an environmentally safe manner;
• Routines to avoid pollution;
• Emergency routines to prevent and minimize the effects on health and environment in the event of an emergency situation or an accident;
• How development and diffusion of environmentally friendly technologies and/or materials are addressed and encouraged where applicable.
10.2 Wastewater and solid waste
Wastewater and solid waste generated from operations, industrial processes and sanitation facilities must be monitored, controlled and treated as required by applicable laws and regulations before discharge and disposal. In any case, AxInter requires its suppliers to characterize, monitor, control and treat waste water and any solid waste in a responsible manner. Records and evidence of treatment procedures should be provided upon request.

10.3 Air emissions
Air emissions of volatile organic chemicals, aerosols, corrosives, particles, ozone depleting chemicals and combustion by-products generated from operations must be characterized, monitored, controlled and treated as required by applicable laws and regulations before discharge. Regardless of applicable national regulations, AxInter requires its suppliers to characterize, monitor, control and treat air emissions in a responsible manner. Records and evidence of treatment procedures should be provided upon request.

10.4 Pollution prevention and resource reduction
Suppliers must endeavour to reduce or eliminate waste of all types, including water and energy, by implementing appropriate conservation measures in its facilities and throughout its production processes. Furthermore, we expect our suppliers, as a natural part of their own commitment to environmental policies, to consider reusing, recycling or substituting materials with improved environmental properties where applicable. Consideration of environmentally friendly technologies should also be addressed and encouraged where applicable.

11 Environmental permits and reporting
Suppliers must obtain, maintain and keep all required environmental permits and registrations and follow the operations and reporting requirements of such permits.
IMPLEMENTATION & OPERATING WITHIN THE CODE OF CONDUCT STANDARDS

Records and Documentation
AxInter expect our suppliers to maintain appropriate records to demonstrate compliance with the terms of this Code of Conduct. To verify compliance, following records are considered the basic check list for any supplier and should therefore be made available at scheduled inspections upon request, accompanied by relevant confidentiality measures from supplier side.

- Names and ages of all workers
- Time sheets
- Payroll records including wage slips and overtime wage records
- Material safety data sheets, accident records and relevant health and safety certificates and permits
- Environmental records including data from the monitoring of significant environmental impacts and relevant permits as listed above
- Records of non-compliance encountered in relation to this Code, including a summary of the corrective actions taken to remedy the event

Complaints Procedures
The supplier shall establish mechanisms for hearing, processing, and handling complaints of employees or local communities. Workers must have the right to anonymously submit complaints regarding all workplace concerns, including complaints regarding the supplier’s failure to comply with this Code of Conduct, without fear of punishment or adverse employment action.

The supplier shall properly investigate, address and settle all complaints in accordance with its pre-established complaint procedure. Anyone affected by the supplier’s activities must have access to communicate concerns or submit complaints without discrimination or fear of reprisals.

Relations with Sub-supplier contracts
The supplier is responsible for ensuring that its respective sub-suppliers comply with the terms and standards of this Code of Conduct or any comparable code as defined in the appendix.

The zero-tolerance standards of AxInter outlined below are also applicable to sub-suppliers.

Monitoring
AxInter reserves the right to monitor the operations of our suppliers to assess and ensure compliance with our communicated Code of Conduct. Our monitoring program consists of:

- on-site inspections
- periodic self-evaluations by suppliers of their premises and those of their subcontractors
- Auditing through 3rd party contractor to verify compliance

The frequency and details of supplier audits will depend on the size of the supplier and its exposure to risk elements. The supplier shall, when business relations justify, at any time freely submit to announced and unannounced audits. The supplier is required to provide physical access to any auditor from AxInter or party assigned by us. This obligation entails unhindered access to manufacturing facilities, relevant records, and where provided by suppliers, housing, as well as employees for confidential interviews. Where confidentiality matters are at stake, the supplier shall make its best effort to provide momentary access to relevant facilities and records to validate its compliance.
Enforcement, Remediation and Corrective Actions

The results of all monitoring visit will be documented in a monitoring report. Where instances of non-compliance with the terms of this Code of Conduct are identified, the supplier shall be given a fixed period to take corrective action and remedy the identified gaps, as well as take measures to prevent similar problems from recurring in the future.

In the event of failure to self-correct a problem, AxInter is willing to help the supplier to develop and implement a corrective action plan, with appropriate time frame for implementation and goals to be met with.

Zero-tolerance Standards

AxInter will not conduct business with a supplier engaged in violations of fundamental human rights. The following practices are therefore considered unacceptable:

1. The use of bonded and forced labour, including forced prison labour and human trafficking
2. Worst forms of child labour, including forced child labour, child prostitution, and other work which is likely to jeopardize the health, safety and morals of children
3. Any harsh, inhumane or degrading treatment or punishment of employees
4. The exposure of employees to life-threatening work environments, where they have not been informed of the dangers and where protective measures have not been undertaken
5. Deliberately causing substantial pollution to air or water, or substantial soil contamination
6. Any complicity in violations of international humanitarian law and other crimes against the human person as defined by international law, including war crimes, crimes against humanity, genocide, torture, forced disappearances, hostage taking and extrajudicial, summary or arbitrary executions.

Violation of Zero-tolerance standards

If AxInter has reason to believe that such violations are being committed by a supplier, the business relationship will be terminated immediately. If we have reason to believe that a supplier knowingly operates in violation of fundamental human rights, the supplier will be reported to the proper authorities.

References

In preparing this code of conduct for suppliers the following references were consulted:

UN Global Compact: www.unglobalcompact.com
UN Convention on the Rights of the Child: http://www.unicef.org/crc/
International Labour Organization: www.ilo.org

Rio Declaration, Agenda 21: www.unep.org
Clarifying information

**Definition of Comparable code** - While many companies emphasize their sustainability commitments through various standards and codes, the ultimate basis for these commitments are in general the same. Therefore, we at AxInter are willing to validate and accept comparable codes with suppliers who already have such agreements in place, given that they adhere to the same stringent requirements.

By ‘comparable code’ we mean a code which at a minimum is based on the Universal Declaration of Human Rights, and the ILO conventions and includes an obligation to comply with national legislation. In addition, the code should contain provisions on anti-corruption, health & safety, environment and working conditions that are comparable with the provisions of the AxInter Code of Conduct charters.

Suppliers are required to submit the code/standards and their written commitments as proof of compliance. The assessment of a comparable code relies on an individual level conducted by AxInter.

**Definition of Conflict Minerals** - Conflict minerals refers to gold, tantalum, tungsten, the derivatives of cassiterite (tin), columbite-tantalite and wolframite, regardless of where they are sourced, processed or sold. In response to violence and human rights violations in the mining of these minerals from Eastern portion of the Democratic Republic of the Congo (DRC) and surrounding countries, the U.S. Securities and Exchange Commission (SEC) has adopted rules to implement reporting and disclosure requirements related to Conflict minerals. We support these initiatives and the humanitarian goal of ending violent conflict in the DRC and surrounding countries.
We hereby confirm that we have received, read and understood the content of AxInter Code of Conduct. We accept the provisions of AxInter Code of Conduct, and take the responsibility to ensure compliance and inform our concerned employees about the content as part of our regular standards and policies.

__________________________________________
Signature

__________________________________________
Company

__________________________________________
Printed name

__________________________________________
Title

__________________________________________
Date