Axel Johnson International

Supplier Code of Conduct

AXEL JOHNSON INTERNATIONAL
SUPPLIER CODE OF CONDUCT
VERSION 3.1

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Whistleblower service
Violations of the Supplier Code of Conduct are to be reported to Axel Johnson International, either through an Axel Johnson International contact person or through our whistleblower service, that is available 24/7 and managed by an external party to ensure that concerns can be reported anonymously. Reporting in good faith will not lead to retaliation.

To report concerns, please visit our whistleblowing service via the following link:
https://report.whistleb.com/en/axinter

Axel Johnson International reviews this Policy at least every 24 months or when risk of negative impacts arises. The purpose is to assess its implementation and monitor the effectiveness of identifying, preventing, mitigating, and minimizing negative impacts, as well as adapting to changes in risks and regulatory requirements.

The official language of this Supplier Code of Conduct is English, which serves as the sole contractual document. The English version prevails in case of ambiguities or discrepancies. Translations are provided for information purposes only.

Letter from the CEO

Axel Johnson International is an industrial group committed to sustainable business practices, considering them as integral elements of our business model and strategic agenda. We are convinced that integrating sustainability into our decision-making will lead us to new opportunities, keep us relevant and future-proof our business. Guided by an ambitious sustainability strategy, we are driven to accelerate our efforts and lead the sustainability transformation within our industry. Our vision revolves around empowering this transformation, with our customer offer as the guiding star. We recognise and appreciate your role as a key partner in achieving these shared ambitions.

For Axel Johnson International it is essential that all people involved in our supply chain are treated with respect and dignity, provided with good working conditions, and that environmentally responsible manufacturing processes are used. We seek to collaborate with Suppliers who adhere to responsible business practices, based on openness, mutual respect, and fairness. We encourage Suppliers to strive for continuous improvement and to adopt management systems and standards in the areas described in the Supplier Code of Conduct, relative to the size, complexity, and risk environment of the Supplier's business.

Our Supplier Code of Conduct is based on internationally recognised norms for human rights, labor practices, anti-corruption measures, business ethics, and environmental sustainability. It establishes the minimum standards we expect from our suppliers, enabling us to evaluate compliance within our supply chain. We kindly request all our suppliers to sign and operate in compliance with our Supplier Code of Conduct, reflecting our shared commitment to responsible business practices.

If you have any questions or require further information about our Supplier Code of Conduct, please do not hesitate to contact us at sustainability@axinter.com.

Additionally, you can visit our website at https://www.axinter.com/sustainability/ to learn more about how we integrate sustainability into our business.

Thank you for sharing our commitment to responsible business as expressed in this Supplier Code of Conduct.

Kind regards,

Martin Malmvik
CEO
Axel Johnson International AB

1 Orientation and general requirements

1.1 Scope of application

The Supplier Code of Conduct applies to the Supplier as a corporate body and its employees, regardless of their status or relationship with the Supplier. The Supplier Code of Conduct therefore also applies to employees who are engaged informally, on short-term contracts, or on a part-time basis as well as permanent, temporary, migrant, student, juvenile, contract workers, and any other type of workers.

1.2 Monitoring

The supplier must be able to demonstrate compliance with the requirements upon request.

The management of the Supplier must assign adequate resources with competence to perform the ongoing work necessary for the organisation to meet the requirements.

Compliance checks may involve a dialogue, requests for self-assessment questionnaires, or on-site compliance audits. Compliance audits may include access to manufacturing facilities, and if provided by the employer, employee canteens and housing, as well as permission to conduct confidential interviews with employees and access to accurate and complete documentation and records related to the Supplier Code of Conduct.

Compliance audits are conducted either by Axel Johnson International's own employees or by an independent third party appointed by Axel Johnson International. The frequency and details of compliance audits will depend on the Supplier's size, complexity and risks identified. When evaluating a Supplier's compliance with the Supplier Code of Conduct and need for remediation to meet the requirements, we will take into consideration the scope, benefit, and applicability of the requirements in relation to the nature of the Supplier's business and the associated risks.

We will only conduct compliance audits at the Supplier's subsuppliers with the Supplier's agreement.

The Supplier must implement and make available appropriate grievance channels and remediation mechanisms available to all Employees for them to raise concerns or complaints, but also recommendations and improvement ideas concerning the Supplier's operations, without fear of retaliation.

We treat all business and personal information received in a responsible and legal manner and take measures to ensure that this information remains confidential.

HOW TO UNDERSTAND THE SUPPLIER CODE OF CONDUCT:

REQUIREMENTS
Here are the requirements that Axel Johnson International expect the Supplier to comply with within its own operations. The Supplier is also expected to work proactively to ensure that they are integrated, shared, and promoted to subsuppliers.

FOR EXAMPLE
Here are examples of activities that can be taken to meet the requirements.

Additional Supplier-specific sustainability requirements and targets may be defined in commercial agreements.

2 Legal compliance

2.1 Legal compliance

Compliance with laws and regulations is fundamental for adhering to the Supplier Code of Conduct. The Supplier must comply with all relevant laws and regulations applicable to its business, as well as with any other applicable industry standards (e.g., collective bargaining agreements) related to the areas covered by the Supplier Code of Conduct.

Where discrepancies arise between the terms of the Supplier Code of Conduct and national laws or other applicable standards, the Supplier must always abide by the higher or more stringent requirements.

In the event of conflict between the principles in this Supplier Code of Conduct and local law, nothing is this Supplier Code of Conduct should be understood as an instruction to break the law.

For example:

- Comply with relevant legislation related to:

  Human and Labour rights
  Health and Safety
  Environment
  Business Ethics

- Comply with sustainability related product specific legislation.

- Obtain and maintain all legal business permits, approvals and licenses relevant for the operation.

3 Human and Labour

3.1 Human Rights

The Supplier must support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses.

For example:

- Work proactively to respect human rights and do no harm.
- Perform human rights due diligence to identify, prevent, mitigate, and account for how you address the business impact on human rights.
- Evaluate potential impacts of the business of the most vulnerable groups, for example rural communities and indigenous people.

3.2 Child Labor and young employees

Child labor is prohibited.

The minimum working age is the age of completion of compulsory school but never less than 15 years.

Employees between 15-18 years age must be ensured legal working conditions.

For example:

- Have a reliable and effective age-verification mechanism as part of the recruitment process, which is not degrading or disrespectful to the employee.
- Employees in the ages between 15-18 are not engaged in hazardous work, night shifts or work that might be harmful to their physical or mental health, morals or that interferes with their mandatory schooling.
- Apprenticeship programs for employees under the age of 18 is paid and clearly aimed at training.
- In countries with a high risk of child labor, a child labor remediation plan[1] is in place, which describes the actions to be taken in case a child is found working in the Supplier premises.

[1]The remediation must be developed in the best interest of the child and decided in consultation with the child and family. Any measures taken shall always aim to improve, not worsen, each individual child's situation. Any costs for education, including financial support during the education shall be paid by the supplier.

3.3 Modern Slavery

The Supplier must not participate in, or benefit from, any form of forced labour, where people are exploited to work against their will or under pressure from a threat or punishment. This includes bonded labour, forced prison labour, slavery, or human trafficking in any part of the value chain.

For example:

- Employees have the right to leave their accommodation and workplace freely during their leisure time.
- Overtime is consensual, unless necessary and mandated according to local laws.
- Employees are not required to surrender original personal certificates or identification documents such as government-issued identification, passports, or work permits as a condition of employment.
- No use of unlawful disciplinary practices such as unfair or illegal deductions from wages, withholding of wages or discontinuing benefits as a disciplinary measure.
- No deposits, fees, fines, loans, or repayment agreements preventing employees from leaving their employment upon providing reasonable notice are allowed.

3.4 Discrimination and harassment

The supplier must treat all personnel with dignity and respect, strive to develop a workplace where people feel included, and safe to contribute.

For example:

- Hiring, pay, benefits, training, advancement, discipline, termination, retirement or any other employment-related decisions is based on relevant and objective criteria.
- Not engaging in or supporting discrimination based on age, nationality or ethnicity, religion, political beliefs, sexual orientation, marital status, gender identity or expression, physical ability or other distinguishing characteristics.
- Anyone taking parental leave does not face dismissal or threat of dismissal and is able to return to work in their former employment or equal at the same rate of pay and benefits.
- Employees are protected from acts of physical, verbal, sexual, or psychological harassment, abuse, or threats in the workplace, whether committed by managers or fellow employees.
- Strive to develop a diverse workforce.

3.5 Working hours, compensation and benefits

The employees must be provided with decent working conditions, including working hours, compensation, benefits and leaves in compliance at a minimum with relevant legal requirements or with applicable collective agreements, as well as a legally binding labour contract.

For example:

Working hours

- Excessive overtime is not the norm.
- Employees are entitled to at least one day off per week and are given reasonable breaks while working and sufficient rest periods between shifts.

Benefits and leaves

- Employees are offered benefits and insurance as a minimum in accordance with relevant legal requirements, or with applicable collective agreements.
- Employees are granted paid statutory holidays, vacation, sick leave, and parental leave.

Compensation

- Compensation, including overtime hours, paid to employees complies with as a minimum legal requirement or with applicable collective bargaining agreements.
- Wages are paid on a regular basis without delay.

Legally binding labor contract

- Employees are provided with written, legally binding labour contract in a language that they understand.
- The Supplier does not rely on part-time, short-term or casual labourers, trainees or false apprenticeships to pay lower wages and/or reduce benefits.

3.6 Freedom of Association and Collective Bargaining

All Employees must have the right to lawfully form, join or not join labor unions, bargain collectively, seek representation and join worker's councils in accordance with local law and international conventions.

For example:

- Employees can communicate openly and share ideas and concerns with management regarding working conditions without fear of discrimination, intimidation, or retaliation.
- Where local law sets restrictions on the right to freedom of association and collective bargaining, Supplier allow alternative forms of employee representation, association, and bargaining.

4 Health and safety

4.1 Occupational Injury and Illness

The Supplier must provide a safe and healthy working environment that minimises work-related injuries and be aware of health and safety risks, including physical and psychosocial risks.

For example:

- Perform regular occupational health and safety risk assessments.
- Put adequate control measures in place to prevent and mitigate health and safety hazards by physically removing, replacing or isolating employees from hazards or change the way the work is performed.
- When hazards cannot be adequately controlled, provide the employees with personal protective equipment, appropriate for the risks identified, free of charge.
- Personal protective equipment is used by the employees.
- Ergonomic considerations are included in arranging the work environment.
- Employees performing hazardous work are trained on how to do so safely.
- Relevant first aid kits are easily accessible, and employees are provided necessary medical treatment in case of workplace injury.
- Employees are never disciplined for raising safety concerns or refusing to work under unsafe conditions.
- Employees do not work under the influence of drugs or alcohol.
- Measures are in place to track and report on health and safety performance.

4.2 Workplace conditions

The workplace must be safe and hygenic.
This applies to Supplier's production facilities but also to any company provided accommodation such as dormitories as well any type of transportation provided by a Supplier to its Employees.

For example:

- The work premises must be kept hygienic, well lit, adequately ventilated and kept at acceptable temperatures and noise levels.
- Employees are provided with free access to clean drinking water.
- Hygienic toilets are provided according to the needs and number of employees.
- If accommodation or canteens are provided, they are housed in a building fit for the purpose and regularly checked to maintain fire safety and hygiene standards.
- If accommodation is provided, each employee has the right to their own bed and to a safe sleeping area.

4.3 Safe building

The supplier must ensure that buildings are safe and used for their intended purposes.

For example:

- Working premises have adequate fire safety equipment including functioning fire alarm, accessible firefighting equipment, emergency evacuation plans and clear evacuation routes.
- Emergency exits are clearly marked and not blocked.
- Evacuation and firefighting drills and testing of fire alarms are conducted regularly.
- Electrical equipment and wires are safely insulated, equipped with safety fuses and regularly inspected and repaired.

5 Customer offer compliance

5.1 Product compliance

The Supplier must comply with relevant product compliance legislation.

For example:

- Identify potentially hazardous substances in products and articles used in production.
- Ensure that no forbidden substances are used in the production processes or the products.
- For products intended for the European market, comply with EU legislation such as REACH, RoHS, SCIP (see appendix).

5.2 Conflict minerals

The Supplier of raw materials and/or components containing tin, tantalum, tungsten, gold or cobalt, must be conscious of the potential link between production of raw materials and armed conflicts or severe violations of human rights and avoid directly or indirectly contributing to it.

For example:

- Comply with EU legislation concerning responsible sourcing of conflict minerals if tin, tantalum, tungsten, gold or cobalt is part of the supply chain of delivered products.
- Provide information on the origin and sources of such minerals upon request.
- Depending on the position in the supply chain, source raw materials from responsible sources only.

6 Environment

6.1 Business environmental impact

The supplier must be aware of its impact on water, soil and air from their operations, and be committed to reducing the negative impact on the environment.

For example:

- Measures are in place to reduce environmental impact from the operations.
- Working proactively to reduce risks for environmental accidents and having measures in place to limit their negative impact.
- Measures are in place to track and report on environmental performance such as use of energy, water, waste.
- Favour raw materials, components, products and solutions with lower environmental footprint in the production of goods for Axel Johnson international.

6.2 Climate impact

The supplier must take action to reduce its climate impact.

For example:

- Periodically measure energy used for heating and cooling, purchased electricity and internal transportation (i.e. scope 1 and 2 according to the GHG Protocol)
- Take action to reduce energy consumption.
- Take action to reduce greenhouse gas emissions by switching to energy from renewable sources.

6.3 Biodiversity

The supplier must be aware of and limit the business' impact on biodiversity.

For example:

- Taking action to reduce the business' overall impact on biodiversity and natural ecosystems affected by the business' operation.

6.4 Chemicals and hazardous substances

The Supplier must ensure that chemicals and hazardous substances are handled in a way that is safe for both people and the environment.

For example:

- Ensure that chemicals are transported, stored, handled and disposed of in a safe manner and that material safety data sheets instructions are followed.
- Apply the precautionary principle by reducing the use of hazardous chemicals, and actively work to replace hazardous chemicals and where applicable substances of very high concern in products with safer alternatives.

6.5 Natural resources and waste

The Supplier must work actively to limit the use of non-renewable, especially virgin materials, and reduce waste.

For example:

- Reduce the use of natural and especially virgin materials, for example minerals and metals, crude oil and wood.
- Design products for longevity, that can be produced with minimal material usage and waste, repaired, refurbished, recycled or reused.
- Limit waste to landfill.
- Sort and store waste, including hazardous waste, separately in fractions and transport and dispose of it through a qualified and licensed body.

6.6 Local communities

The supplier must operate their business in a in a respectful way to the surrounding environment as well as local communities.

For example:

- Follow local regulations on for example noise or other disturbance from the operations to reduce negative impact on the local community.

7 Business ethics

7.1 Anti-corruption and conflict of interest

The supplier must have zero tolerance for and work against any form of corruption, extortion, or bribery.

For example:

- Not offer, give, ask for or accept any gifts, improper payments, or advantages, whether small or big, that could be interpreted as bribes and/or risk influencing business-related decisions.

7.2 Fair competition

The Supplier must have zero tolerance towards any form of practices that can be interpreted as anti-competitive or abuse of a dominant position and be committed to conducting business in an open and transparent manner.

For example:

- Negotiate agreements in accordance with fair competition principles.
- Refrain from anti-competitive discussions or entering into anti-competitive agreements, including illegal price-fixing, market sharing, customer allocation or other illegal restrictive practices.

7.3 Intellectual property

The Supplier must respect Axel Johnson International's confidential information and intellectual property rights by safeguarding against misuse, mishandling, counterfeit, theft, fraud or improper disclosure.

For example:

- The Supplier must respect intellectual property rights and recognise 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 to abstain from any form of counterfeiting.

7.4 Trade compliance

The Supplier must comply with international sanction regulations and with all relevant export control laws and regulations, and not engage in or cause Axel Johnson International to engage in any form of sanction breaches.

For example:

- Not conduct any business activity, directly or indirectly, with any Listed Person[2].
- Not conduct any business activity that is prohibited or restricted under trade sanctions or export control laws applicable.
- Not engage in any transaction that evades or attempts to violate restrictions under any trade sanctions or export control laws applicable.

7.5 Personal data protection

Whenever the supplier is entrusted with personal information about individuals, the supplier shall safeguard it and take appropriate steps to protect it from misuse. All applicable data privacy laws, including if applicable GDPR, shall be observed when collecting, storing, using, processing or sharing personal information about individuals.

For example:

- Inform individuals as much as possible about when and why you use their data.
- Only using the type of personal data absolutely necessary to accomplish lawful and reasonable purposes.
- Storing personal data only as long as necessary to fulfill such purposes, and as long as legally required.
- Protecting personal data in your care by taking appropriate technical and organisational security measures.

[2] A Listed Person refers to a targeted person, company or organisation under sanction. Most sanctions will freeze assets and prohibit trade with Listed Persons.

8 Supplier Code of Conduct Compliance Commitment

By accepting the Supplier Code of Conduct, the Supplier commits to uphold compliance with the requirements in the Supplier Code of Conduct within its own operation. The Supplier is also expected to work proactively to ensure that the requirements in the Supplier Code of Conduct are integrated, shared, and promoted in the supply chain.

The purpose with Axel Johnson International sustainability supply chain program is to develop and constantly improve the sustainability performance throughout the value chain. It is therefore not our intention to terminate any business relationship with any Supplier. If the Supplier is found to be non-compliant with the requirements in the Supplier Code of Conduct, we request that a plan for how to reach compliance is developed and shared a within an agreed timeframe.

Axel Johnson International will however not conduct business with a Supplier if compliance with the terms of the Supplier Code of Conduct is deemed impossible. Nor will we conduct business with a Supplier who is engaged in severe violations of fundamental human and labour rights, pollution, or corruption. Failure by the Supplier to permit Axel Johnson International the right to verify compliance with the Supplier Code of Conduct or to rectify identified major non-compliances within the agreed timeframe is regarded as a material breach of the Supplier Code of Conduct. As a result, Axel Johnson International is entitled to terminate the contractual relationship with the Supplier.

I, the undersigned authorised representative of the Supplier, hereby confirm that the Supplier commits to uphold compliance with the requirements in the Supplier Code of Conduct within its own operation and to work proactively to ensure that the requirements in the Supplier Code of Conduct are integrated, shared and promoted in the supply chain.

Full company name:_____

Corporate identity number:_____

Place:_____

Date:_____

Name:_____

Position:_____

Signature:_____

Company seal*:

*Not mandatory

APPENDIX

International norms
The Supplier Code of Conduct is built on international recognised norms as per below:

- The ten principles of the United Nations Global Compact.
- The UN International Bill of Human Rights.
- The OECD Guidelines for Multinational Enterprises.
- The UN Guiding Principles on Business and Human Rights.
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
- The Children's Rights and Business Principles.
- United Nations' Convention on the Rights of the Child.
- The Rio Declaration on Environment and Development.
- The United Nations' Convention on the Elimination of All Forms of Discrimination against Women.
- The United Nations Convention against Corruption.
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Product compliance:

- Regulation (EC) No 1907/2006 of the European Parliament and of the Council on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).
- Directive (EU) 2018/851 of the European Parliament and of the Council of 30 May 2018 amending Directive 2008/98/EC on waste (reporting of Substances of Concern to the SCIP-database).
- Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment.
- EU Conflict Minerals Regulation (REGULATION (EU) 2017/821 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas).