KGK

Code of Conduct
for KG Knutsson AB's business partners

Content

Our CEO on the Code of Conduct

Our Code of Conduct is a key document that clarifies our expectations of suppliers and business partners, and it reflects the policies we follow within our own operations. As a distributor and trading company, we carry a responsibility across the entire value chain – a responsibility that builds trust and confidence among our customers. The Code of Conduct forms part of all our supplier agreements, and we are convinced that successful sustainability work is rooted in close collaboration and shared progress throughout the value chain.

Together, we lay the foundation for long term, responsible, and sustainable business.

Anders Jönsson,
CEO KG Knutsson AB

Purpose, scope and frameworks

KG Knutsson AB is a company that strongly believes in long-term, sustainable relationships based on responsible social and environmental conduct.

KG Knutsson AB and its business partners have an obligation to all stakeholders to observe high standards of integrity, performance, and exemplary conduct. The foundation for and the reason why KG Knutsson AB has created this Code of Conduct is that we are convinced that sustainability is a natural part of being a successful business, and we always strive to act in an ethical, transparent, and responsible way. We expect our business partners to do the same.

The Code of Conduct, hereinafter referred to as the Code, applies to all business partners, which includes but are not limited to, suppliers of products and services, sub-suppliers, consultants and strategic partners. The requirements also apply to all persons working under employment-like conditions for the business partner (including agency workers, contractors, etc.). The Code of Conduct sets out the expectations and minimum requirements that KG Knutsson AB requires its business partners to follow.

This Code shall be appended to all business partner agreements, and KG Knutsson AB expect the business partners to place corresponding demands on their partners.

This Code of Conduct draws from the following international frameworks:

- The UN Universal Declaration of Human Rights
- The UN Guiding Principles on Business and Human Rights
- The ILO Core Conventions
- The OECD Guidelines for Multinational Enterprises
- The Ten Principles of the UN Global Compact

Responsibility of KG Knutsson AB

This document applies to business partners as defined above. Equivalent requirements are reflected in internal policies within KG Knutsson AB. As part of KGK Holding, KG Knutsson AB is required to implement updated versions of the Code as adopted at the group level.

Regulatory and product compliance

KG Knutsson AB requires all business partners to operate in accordance with the principles of the Code and in full compliance with all applicable laws and regulations. The Code does not replace legislation, and if the two are in conflict, legislation takes precedence. If the Code sets a higher standard than the existing legislation, the reverse applies.

Business partners are also obliged to provide the data necessary for KG Knutsson AB to comply with current or upcoming legislation. This also applies to regulations specifically applicable to products, their content, labelling, and notification to relevant authorities, etc.

Human rights and Labour rights

Business partners shall respect human rights and avoid causing or contributing to violations of them in their own operations, as well as work to prevent or mitigate them in other parts of the value chain.

Forced labour

- Business partners shall not use any form of forced labor, including prison labor or bonded labor as defined by ILO conventions 29 and 105.
- Business partners shall not require their employees to pay any kind of deposit, nor may they retain their employees' identity documents.

Child labour

- KG Knutsson AB does not under any circumstances accept child labor according to the ILO convention 182 and business partners are expected to do the same.
- A child is defined as a person younger than 15 years of age, or as an exception, 14 years of age in countries referred to in article 2.4 of the ILO convention 138. If the national legal age for working is higher than 15 years of age, the business partners must adhere to the higher requirement.
- Business partners shall establish and enforce a policy that ensures no child labour is employed under any circumstances
- If child labor is detected in the production of goods for KG Knutsson AB, the business partner is obliged to take actions to prevent this.
- Young employees (below the age of 18 years) may only be employed in non-hazardous work, if they are above the country's legal age for working.

Freedom of association and collective Bargaining

- All employees must be able to exercise their legal right to form or join a trade union and participate in collective bargaining without threat of reprisal, intimidation, or harassment (ILO conventions 87, 98, and 135).
- In countries where freedom of association is restricted, the company shall strive to create an environment in which the company management and employees can discuss salaries and working conditions in a non-threatening manner.

Humane treatment

Business partners shall treat all employees with respect and dignity. Physical punishment or the threat thereof, sexual or racial harassment, verbal abuse, power abuse, or any other form of harassment or intimidation is unacceptable under any circumstances.

Discrimination

Business partners shall not apply any type of discriminatory practice regarding the recruitment, compensation, promotion, or termination of an employment agreement based on race, caste, ethnicity, social origin, marital status, sexual orientation, disability, religion, nationality, age, gender, and/or union membership or political affiliation (ILO conventions 100 and 111).

Diversity, equality and inclusion

- Business partners shall give everyone equal opportunities for employment, training, and career development.
- There shall be no unjustified wage differences between women and men.
- Sexual harassment must never be tolerated.
- Both women and men shall be able to combine work and parenthood. Within the scope of the position, flexible working hours to facilitate parents of young children should be supported.
- Employees shall be accepted regardless of gender, age, ethnic or social background, disabilities, or other factors unrelated to actual competence or commitment
- Business partners shall promote equal rights and opportunities for all employees.
- Recruitment, development efforts, and promotions are based on competence, qualifications, merits, and performance.

Business partners should have documented procedures in place to prevent, reduce, and address discrimination, and to promote diversity and inclusion.

Wages and benefits, collective agreements and written contracts

- Business partners shall pay their employees at least the minimum wage or the prevailing industry standard, whichever is highest. The amount should be sufficient to cover basic needs for the employee and their family as well as provide some additional income.
- Wages and overtime premiums and any incentive (or piece) rates shall be paid directly to the employee on time and in full.
- Business partners shall provide their employees with paid sick leave, maternity leave, annual leave, and statutory holidays as required by law or the prevailing industry standard, whichever is highest.
- Making unfair or illegal deductions from wages or the removal of benefits as a disciplinary measure is not permitted.
- Business partners' employees must have written employment contracts in a language they understand.

Work environment

- Business partners shall promote health, safety and well-being for employees, in accordance to ILO conventions 155 and 187.
- Business partners shall ensure that they have organizational systems, processes, and/or measures in place to comply with national health and safety legislation.
- Business partners shall identify, assess, and take measures to eliminate potential safety risks. Employees shall be informed of potential safety risks and instructed on proper, safe behavior and the corresponding safety measures to be implemented. Should such measures not afford adequate hazard management, employees shall be provided with suitable personal protective equipment.
- Potential emergency situations and events shall be identified and evaluated. Their impact shall be minimized by implementing emergency plans and reporting procedures.

Responsible sourcing and supply chain due diligence

- Business partners are liable to inform KG Knutsson AB if the product/products contain conflict minerals according to EU Conflict Minerals Regulation (2017/821). Reporting templates can be found on: https://www.responsiblemineralsinitiative.org/
- Business partners shall, if applicable, report the imports of tantalum, tin, tungsten, and gold according to EU legislation.
- Business partners should respect the rights of indigenous people, including their cultural heritage, traditional knowledge and connection to land and natural resources. Business partners are expected to engage in meaningful consultation with Indigenous communities where relevant, and to avoid activities that may negatively impact their rights, livelihoods, or cultural integrity.
- Business partners shall regularly identify, assess, and manage risks in their own operations and supply chains. This includes conducting risk-based assessments of high-risk materials, regions, or sub-suppliers, in line with UNGP and OECD due diligence expectations. This includes engaging or consulting with relevant stakeholders (e.g., workers, local communities, unions) in high-risk sourcing contexts.
- Material or systemic issues identified in the supply chain must be reported KG Knutsson AB.

Environment and climate

Business partners shall work systematically and continuously with environmental and climate improvements, e.g. via management systems such as ISO 14001.

- Business partners shall act proactively to protect the environment, and regularly evaluate opportunities, and take actions, to decrease greenhouse gas emissions, as well as energy consumption, with a focus on utilizing renewable and efficient energy sources. The operations shall be based on the precautionary principle and should use best available technique.
- Business partners must implement measures to minimize adverse impacts on air, water and soil quality, ensure efficient water management, and enhance water treatment processes.
- Business partners must engage in sustainable resource management by promoting the reuse and recycling of materials as well as decrease waste. KG Knutsson AB also encourages business partners to cooperate in discussions and development concerning an increased level of circularity in the value chain.
- Business partners shall continuously improve products and services, in order to reduce and phase out substances that may be harmful to humans or the environment.
- Business Partners shall take measures to prevent the release of microplastics into the environment throughout their operations, including production processes, product use, transportation, and waste management.
- Business partners must comply with existing environmental legislation and obtain all legally required permits, licenses, and registrations applicable to their business.
- Business partners should avoid practices that contribute to the degradation of ecosystems and loss of biodiversity.

Business ethics and anti-corruption

- KG Knutsson AB respects laws and regulations and requires that its business partners do the same. KG Knutsson AB does not accept any corrupt activities, including but not limited to bribery, conflicts of interest, fraud, extortion, tax evasion, embezzlement, money laundering and unlawful kickbacks, and the business partner shall not engage in, or cause KG Knutsson AB to engage in, any form of corrupt activities
- KG Knutsson AB 's business partners shall comply with applicable competition and antitrust laws and regulations. This means, among other things, not to engage in price fixing, bid rigging, or customer allocation.
- KG Knutsson AB does not accept facilitation payments in any form.
- Business partners must commit to responsible tax practices and comply with applicable tax laws and regulations in all jurisdictions where they operate and must not engage in aggressive tax planning or tax evasion.
- Business partners must compete fairly and ethically, and not participate in anti-competitive practices such as price-fixing, market manipulation, or abuse of dominant position.

KGK

Intellectual property rights and data protection

Business partners must respect and protect intellectual property and confidential information belonging to our company and third parties. This includes trademarks, copyrights, patents, trade secrets, and proprietary data.

Business partners shall:

- Use such information only as authorized and for agreed purposes.
- Prevent unauthorized use, disclosure, or misuse.
- Ensure compliance by employees and subcontractors.
- Report any suspected misuse immediately.

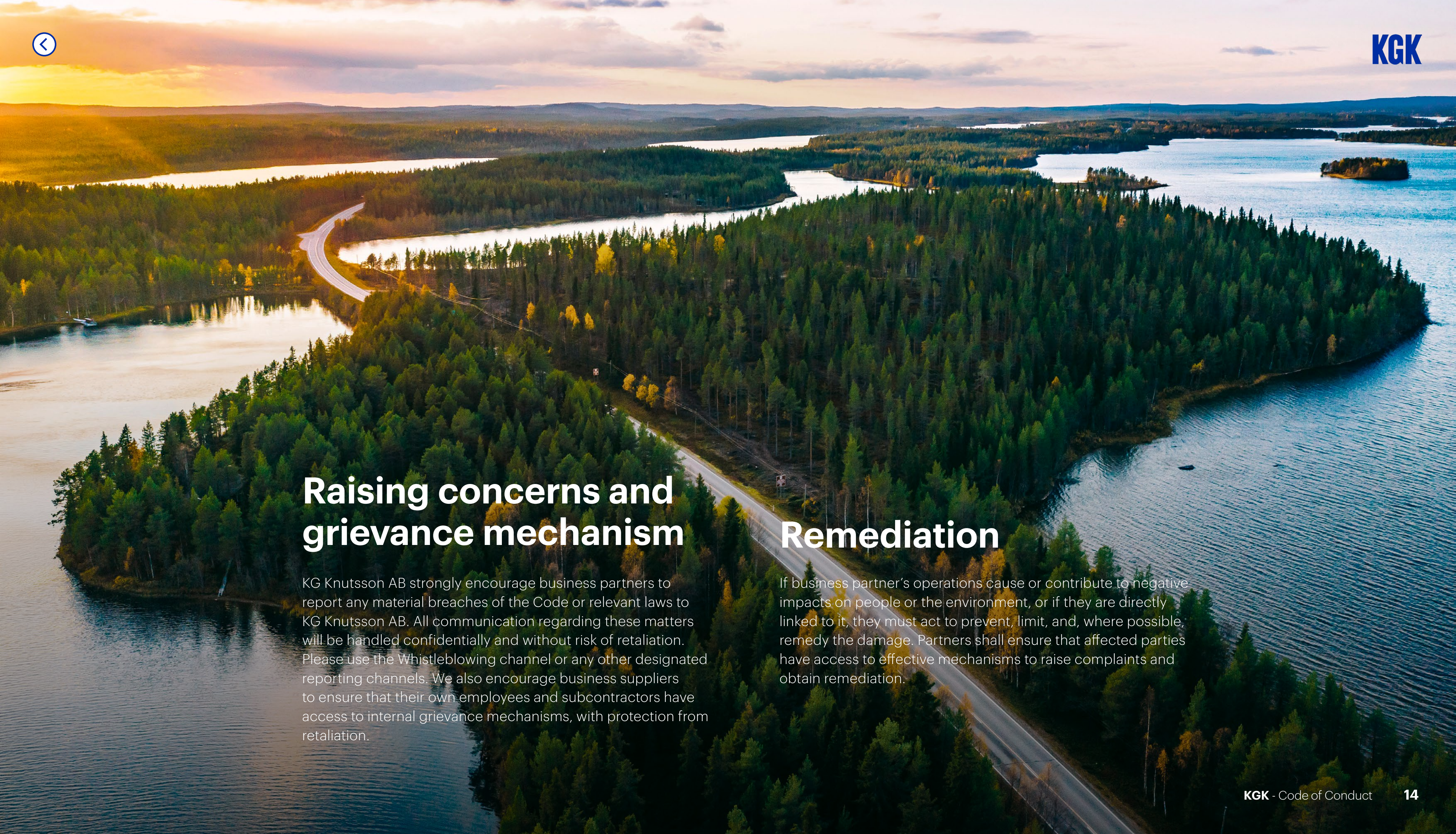
Business partners must also handle all personal data in line with applicable laws (e.g. GDPR) and notify us without delay in case of a data breach.

Continuous improvement

In order to reduce risks and negative impact, as well as increase positive impact and opportunities in relation to sustainability matters, business partners should work with a continuous improvement-approach, in order to systematically evaluate material matters and create activities for improvement.

Implementing and monitoring

- Business partners shall implement the content of this Code of Conduct in their own operations and impose the same requirements on their business partners, working with due diligence procedures.
- KG Knutsson AB reserves the right to conduct remote audits on business partners or on the business partner's premises upon request, either by KG Knutsson AB or by an independent third-party auditor appointed by KG Knutsson AB.
- Business partners must cooperate in developing and implementing corrective action plans when non-compliances are identified. If corrective actions are not taken within an agreed timeframe KG Knutsson AB reserves the right to terminate the cooperation.
- KG Knutsson AB wants the business partner to audit their Business partners in the same way, and the results of these audits shall be presented to KG Knutsson AB upon request.
- Violations against the Code will be handled immediately with a corrective action plan. Negligence in correcting the violation or repeated violations may jeopardize the business partner's relationship with KG Knutsson AB.
- All business partners are recommended to achieve and maintain certification on the International Organization for Standardization (ISO) 14001 Environmental Management System Standards and the ISO 9001 Quality Management Standard. Business partners who have certifications to similar standards or who are working to obtain initial certification must submit the alternate certificate.



Raising concerns and grievance mechanism

KG Knutsson AB strongly encourage business partners to report any material breaches of the Code or relevant laws to KG Knutsson AB. All communication regarding these matters will be handled confidentially and without risk of retaliation. Please use the Whistleblowing channel or any other designated reporting channels. We also encourage business suppliers to ensure that their own employees and subcontractors have access to internal grievance mechanisms, with protection from retaliation.

Remediation

If business partner's operations cause or contribute to negative impacts on people or the environment, or if they are directly linked to it, they must act to prevent, limit, and, where possible, remedy the damage. Partners shall ensure that affected parties have access to effective mechanisms to raise complaints and obtain remediation.

KGK

We move people forward