KF Group’s Code of Conduct for Suppliers
(the “Code of Conduct”)

Introduction
The KF Group’s approach to sustainable development entails that we combine our assumption of responsibility for ethical, environmental, social and economic issues based on a long-term perspective. The KF Group and its member companies will be in the vanguard of sustainable development.
The KF Group’s goals can only be achieved if we work together with our suppliers and impose on them requirements which they, in turn, impose on their suppliers. Our supplier requirements will then have a ripple effect, and impact also on suppliers and producers with whom we are not in direct contact. Together we can make a difference.

The Code of Conduct applies to all suppliers and their subcontractors, as well as other commercial partner and cooperating partners (each of whom is also referred to as the “Company” for the purposes of this Code of Conduct) of wholly-owned and partly-owned companies in the KF Group, and defines the requirements we impose on these parties. The Code of Conduct is based on internationally established initiatives and standards, such as the UN’s Global Compact; the Universal Declaration of Human Rights; the UN Convention on the Rights of the Child and the Convention on the Elimination of All Forms of Discrimination against Women; the OECD’s Guidelines for Multinational Enterprises; and the ILO Conventions. Suppliers of both goods and services to the KF Group must comply with the requirements in the Code of Conduct and take measures to ensure that their subcontractors comply with the requirements in the Code of Conduct. The Code of Conduct constitutes the minimum level of responsibility which will form the basis of the cooperation.

1. Compliance
As a general rule, the Company must always comply with national legislation in the countries in which they operate. If any of the requirements in the Code of Conduct differs from the requirements in national legislation, the more stringent requirements must be applied.

2. Freedom of association and the right to enter into collective agreements
All employees shall be entitled to freely establish, join and organise trade unions and to negotiate collectively with the Company. In cases where the freedom of association and the right to enter into a collective agreement is restricted by law, the Company shall allow its employees to choose their own representatives. The Company shall in no way prevent the establishment, maintenance or administration of such employee organisations or collective bargaining. The Company may not take disciplinary or discriminatory measures against employees who organise workers or employees who are members of a trade union.

3. Prohibition on discrimination
All forms of discrimination are prohibited in respect of recruitment, pay, access to training, promotion, termination of employment, or retirement, on the grounds of gender, age, religion, race, nationality, disability, illness, membership of an employee organisation (including a trade union), political opinion, sexual orientation, or other circumstances which may give rise to discrimination.

4. Pay
Pay for ordinary working hours, overtime work and other overtime pay must not be below the minimum amounts prescribed by law, but what the objective of being increased to cover actual living costs.
Unlawful, unauthorized or disciplinary pay deductions are not permitted. The Company shall ensure that employees are regularly provided with clear unambiguous information about pay and benefits. The Company shall also ensure that the pay and benefits are paid in a way that is practical for the employees.

KF-koncernens uppförandekod för leverantörer. Beslutad i CAL 2013-01-29
5. Working hours
The Company shall comply with applicable national legislation and industry standards as regards working hours and public holidays. The maximum permitted number of working hours per week may not exceed 48 hours per week on a regular basis and permitted overtime may not exceed 12 hours per week. Employees shall be entitled to a minimum continuous period of leave of 24 hours per week. An exemption from this rule may be made if the following two conditions are satisfied:

a) national law permits the number of working hours to exceed this limit; and
b) a freely-negotiated and binding collective bargaining agreement is in place which allows for working hours to be calculated based on an average, including sufficient rest periods.

6. Health and safety in the workplace
The Company shall provide a safe and healthy working environment. The Company shall take measures to prevent the risk of accidents at work. The Company shall draw up and comply with clear rules and procedures concerning health and safety in the workplace. Safety equipment shall be provided to and used by employees. Emergency exits shall be provided on all floors and be clearly marked and well-lit, shall not be blocked, and shall be accessible for evacuation during working hours. All employees shall have access to clean toilets and drinking water, and hygienic and (where required) well-adapted areas for storing food. All employees shall receive regular, documented health and safety training. One of the members of the Company’s management shall be assigned specific responsibility for the health and safety of the Company’s employees. If the Company offers sleeping areas, they must be clean, secure and sufficiently ventilated, with access to clean sanitary facilities and clean drinking water.

7. Prohibition on child labour
Child labour shall not be acceptable. No employee may be under 15 years of age, or 14 or 16 years of age according to certain national legislation. The Company may employ individuals under 18 years of age, but if it is compulsory for them to attend school, they may only work outside school hours. In respect of employees under 18 years of age, the total number of school hours, working hours and time getting to and from school and work may not, under any circumstances, exceed 10 hours a day, and they may not, under any circumstances, work more than 8 hours a day. Employees under 18 years of age may not perform work duties which are dangerous and they may not work at night.

8. Prohibition on forced labour and disciplinary measures
All forms of forced labour and hard labour are prohibited. Employees shall at all times be entitled to leave the Company’s premises and area at the end of an ordinary working day and shall be entitled to terminate their employment with the Company. The Company may not withhold any portion of an employee’s pay, benefits, assets or documents. The Company shall treat all employees with dignity and respect. The Company shall not use or tolerate corporal punishment, mental or physical duress, or verbal humiliation of employees.

9. Environment
The Company shall comply with applicable environmental legislation and adhere to the precautionary principle. The Company shall respect and operate within the limitations imposed by nature as regards the climate, water, biological diversity, animal welfare, fishing and forestry.

Methods and standards for waste management, including the goal of reducing wastage in the production stage, management of hazardous waste, and treatment of emissions to air and water, shall satisfy or improve on the minimum requirements imposed by law. Information about the substances hazardous to health and environment which are used shall be available to anyone who comes into contact with the substances. Particularly hazardous shall be used as little as possible, the aim being to phase out the use of such substances entirely. “particularly hazardous substances” means non-biodegradable substances which accumulate in living organisms, or are carcinogenic, mutagenic, toxic to reproduction, endocrine disrupting, or severely allergenic, and substances of equivalent severity, such as mercury, cadmium and lead. The Company shall support preventative measures to combat environmental problems.

Where applicable, the Company shall actively support production methods which minimize animal KF-koncernens uppförandekod för leverantörer. Beslutad i CAL 2013-01-29
suffering and allow for natural behavior by animals.

10. Bribery and corruption
The Company shall comply with national legislation and combat all forms of corruption, including blackmail, fraud and bribery. The Company shall draw up and comply with an anti-bribery and corruption policy which covers all of the operations conducted by the Company.

11. Management system
The Company shall draw up and implement a social responsibility policy and a management system which ensure compliance with the criteria in the Code of Conduct. The Company's management shall be responsible for ensuring that the Code of Conduct is implemented and monitored, and that corrective measures are taken in the event of any violations of the Code of Conduct. The Company shall inform all employees about the Code of Conduct and its contents. The Company shall address any information received from employees that the Company is failing to comply with the requirements in the Code of Conduct.

12. Inspections/audits
The Company shall be able, at the request of the KF Group, to provide a written report detailing the manner in which it is satisfying the requirements in the Code of Conduct. In addition, the KF Group reserves the right at any time to make unannounced visits to the Company/subcontractors/factories, either personally or through an independent party, in order to monitor the Company’s compliance with the Code of Conduct. The KF Group shall thereupon be afforded full access to all documents which are relevant to the inspection/audit. In cases where the Company does not personally conduct any production activities (i.e. where it acts merely as an agent), the KF Group reserves the right to conduct audits of the companies at the next level, namely manufacturing suppliers and subcontractors.

13. Non-compliance
The KF Group shall be entitled to terminate the agreement with immediate effect if the Company or a party for whom the Company is responsible (e.g. a subcontractor) fails to comply with the requirements in the Code of Conduct and fails to implement an improvement plan within a reasonable period of time (maximum of 12 months).