



Karnag Supplier Code of Conduct

Conducting a responsible business is a key priority for Karnag. Sustainability is in our core values and our way of working with continuous improvement. We strive to ensure that our business is sustainable and that we comply with the social, ethical, and environmental standards.

The requirements of Karnag Code of Conduct are based on the principles of the United Nations Global compact, relevant conventions of the International Labour Organisation regarding sustainability in the relationship with business partners and internal standards and values. In all cases where local law is less strict than the Karnag Supplier Code of Conduct the requirements described in this document shall be adhered to.

Karnag Code of Conduct applies to Karnag and all suppliers and sub-contractors of goods and services. Such suppliers and sub-contractors shall ensure that the requirements in the Karnag Code of Conduct is implemented in relation to all their respective employees including permanent, temporary, agency workers and any other individuals directly or indirectly performing work for the relevant suppliers and/or sub-contractors. Karnag may at any time demand supplier self-assessments and reserves the right to perform audits at any time to monitor the supplier's compliance with the Karnag Supplier Code of Conduct.

Karnag considers compliance with the requirements set out in this document to be essential to its contractual relationships.

Labour and Human Rights

Karnag fundamentally affirms that all people should be treated with respect and dignity. Employers have a great impact on their employee's wellbeing and therefore owe major obligation towards them. Karnag and its suppliers are responsible for unfailingly following the highest human right standards wherever they operate.

Discrimination

Employees shall be selected, employed, and supported based on their qualifications and capabilities. Suppliers shall not practice any form of discrimination based on gender, age, religion or other belief, caste, social background, disability, ethnic, national, or territorial origin, nationality, union membership or membership in any other legitimated organisation, political affiliation or opinion, sexual orientation, gender identity or expression, family responsibility, marital status, disease, pregnancy, or other conditions that could give rise to discrimination.

Harassment

Karnag and its suppliers shall commit to a workplace free of harassment and shall foster a social environment with respect for the individual. Suppliers shall ensure that employees are not subject to any physical or psychological inhumane treatment, corporal punishments, threats, or false promises.

Forced or compulsory labour

Karnag and its suppliers shall ensure that they do not engage in any form of forced, bonded, compulsory, trafficked, modern slavery or non-voluntary labour. Suppliers are expected to work proactively against forced labour and act with special carefulness when recruiting migrant workers, both directly and indirectly.

Employees shall never be required to pay the supplier or agent any fees or cost for uniforms,



personal protective equipment or other expenses needed to obtain and retain employment. If cases of such fees or expenses are found, they must be repaid immediately.

Karnag and its suppliers shall at no time withhold employee's original identification or travel documents. Supplier shall provide all employees with a written contract in a language understood by them. The content should also be explained verbally in clear and understandable terms. The contract shall clearly state the voluntary nature of employment and procedures of leaving the job. Suppliers shall only employ workers who are legally allowed to work in the receiving country.

Child labour

Child labour is not accepted. Karnag and its suppliers shall not directly or indirectly employ children below the minimum age of 15, unless the exceptions recognised by the ILO 138 Minimum Age Convention (article 6,7) apply.

Young workers

Karnag and its suppliers shall ensure that legally young workers under 18 years of age do not work overtime or at night and are protected against conditions of work which are harmful for their health, safety, morals, or development.

Wages and benefits

Karnag and its suppliers shall pay wages and benefits minimum applicable legal governmental or industrial standard wages, or wages agreed under a collective bargaining agreement, whichever are the highest. Wages and benefits shall be paid on time, regularly and in a transparent way.

The level of the wages shall reflect the level of skills and qualifications and shall refer to regular working time. Overtime shall be compensated with a premium overtime rate.

Suppliers shall not withhold payments, apply penalties or make any deductions from wages unless prescribed by law or fixed by collective agreement.

Working hours

Karnag and its suppliers shall ensure that a regular working week for workers does not exceed 48 hours, in accordance with ILO 1 hours of Work Convention. During shorter periods of emergency situations, voluntary overtime is permitted but shall be restricted to a maximum of 12 hours per week and employee. Suppliers shall give employees the right to regular workday breaks, paid annual leave and the right to at least one day off every seven days, unless exceptions defined by collective agreements. For the avoidance of doubt, if local laws and/or any applicable collective bargaining agreement(s) shall be applied, as stated above.

Freedom of association and collective bargaining

Suppliers shall respect the basic right of employees to freely, voluntarily and without interference establish and join, or not join, unions and employee representation of their own choice and to bargain collectively.

Health and Safety

Karnag believes that a healthy and safe workplace environment is crucial for employee's wellbeing. Karnag also believes that taking good care of employees contributes to a sustainable organisation and will improve quality, productivity, and profitability. Employees shall always have the right to refuse and report unsafe situations without any reprisals.



Health and safety hazard prevention

Suppliers shall ensure that there is a process in place to identify, evaluate and prioritise elimination of health and safety hazard risks. Suppliers shall provide an appropriate workplace environment with safe facilities that are adapted to the purpose of the work performed and furthermore ensure that employees have appropriate personal protective equipment, machine, and safety equipment as well as instructions on proper use. These instructions shall be communicated to, and understood by, concerned employees.

Emergency preparedness

Karnag and its suppliers shall identify the risks of accidents in order to mitigate, limit and/or prevent the damage. Emergency plans shall be developed and implemented for each situation. All employees shall have knowledge about risks in their own operations and how to act in different types of crisis situations that may occur.

Karnag and its suppliers shall have fully operational firefighting equipment, fire exits, first aid, material, emergency plans, alarm procedures and signs easily accessible in sufficient number throughout the facility.

Karnag and its suppliers shall make sure that there are always employees trained in first aid, fire safety and crisis support present at the workplace and clearly visualised. Response to various kinds of crises situations shall be trained regularly.

Accidents and near accidents

Karnag and its suppliers shall have systems to report, investigate and take action with regard to all accidents, near-accidents and unsafe situations. Managers and employees shall have knowledge about accidents and near-accidents, understand the importance of preventive work and corrective actions and practice it in their daily work.

Facilities

Karnag and its suppliers shall provide clean and safe facilities, including dining areas, food storage, locker rooms and resting areas. Employees shall always have access to potable clean water and toilets.

Workplace ergonomics

Karnag and its suppliers shall identify load ergonomic risks and evaluate employee exposure. Load ergonomic includes conditions that can affect muscles and joints in the human body such as working position, repetitive movements, physical load and lifting positions. Concerned employees should be involved when designing or redesigning workplaces.

Environment

All people and especially businesses have responsibility to protect our planet for future generations. Karnag and its suppliers should at all time endeavour to improve the environmental performance of its products and services as well as reducing natural resource usage. Suppliers are required to have thorough knowledge about their own environmental challenges and should always strive to choose alternatives with less environmental impact.

Emissions and waste handling

Karnag and its suppliers shall control and implement actions taken to reduce emission to air. Suppliers shall implement systematic waste handling management for wastewater, hazardous and



non-hazardous waste. Oils, chemicals, batteries, and other hazardous waste shall be kept separated from other waste and handled to avoid leakage into air, water, or soil. Waste should be sorted to be re-used or recycled. Landfill deposits should always be avoided.

Chemicals

Karnag and its suppliers shall have implemented methods, procedures, and equipment to introduce, handle, label, and store chemicals in a safe way to minimize negative impact on people and the environment. Karnag and its suppliers shall work actively to limit and restrict their number of chemical products and select chemicals with lowest possible health and environmental risk. Suppliers shall always perform risk assessments and take action to minimize any negative impact on people and the environment before introducing new chemicals. Employees working with risk chemicals shall always have updated an accessible instructions and special training regarding risk handling and emergency preparedness.

Supplier shall always provide Safety Data Sheets for all chemical products used in, or in connection with, any article when there is a risk that staff can get exposed to those chemical products.

Ethics

Karnag is committed to conducting business ethically and in accordance with the law and requires the same of its suppliers. Relationships between Karnag and its suppliers shall be trustworthy and transparent.

Personal information

Karnag requires its suppliers to protect the personal data of employees, former employees, customers, suppliers, and other persons concerned. Suppliers shall only collect, process, use and store personal data where there is the consent of the person concerned, a contractual agreement or some other legal basis.

Bribery and corruption

Karnag expect its suppliers to reject and prevent all forms of corruption, including but not limited to what are known as facilitation payments, I e payments to speed up the performance of routine tasks by officials.

Suppliers must ensure that their employees, subcontractors, and other representatives do not grant, offer, or accept bribes, facilitation payments, inadmissible donations, or other inadmissible payment or undue benefits to or from customers, official or other business partners.

Competition and antitrust

Karnag requires its suppliers to comply with valid and applicable competition and antitrust laws. Suppliers will not conclude anti-competitive agreements with competitors, suppliers, customers or other third parties and will not abuse a dominant market position.

Conflict of interest

Personal interest or relationships shall not influence suppliers in decision making, only objective and fact-based criteria are valid.

Gifts, hospitality and invitations

Suppliers shall not offer Karnag employees or any other business partners any inappropriate benefits



either directly or indirectly in the form of gifts, hospitality, or invitations to unduly influence them. Neither do they ask for, nor accept such benefits.

Money laundering

Karnag and its suppliers shall only conduct business relationships with business partners of whose integrity they are convinced. They shall ensure that the applicable legal money laundering and terrorism financing provisions are not breached.

Responsible sourcing of minerals

The trade of minerals in some parts of the world, funds the most deadly conflict and worst forms of human rights violations. Suppliers shall exercise due diligence consistent with the relevant parts of the OECD Due Diligence Guidance or equivalent processes along their mineral chains.

Management

A considerate, structure, knowledgeable and engaged management which provides the organisation with effective management systems is the base of sustainable business. The values of this Code of Conduct shall be integrated in the daily business. Management shall identify, assess, communicate, and train the organisation in legal and other requirements to ensure compliance.

Company statement

All suppliers shall develop a company statement, such as a Code of Conduct, with a commitment to the highest social, ethical and environmental standards. This company statement should be clearly displayed in languages locally understood by the employees in all company facilities.

Responsibility

Suppliers should have a sustainability representative, or similar, reporting to top management. The representative should develop and implement sustainability targets and actions within the company and ensure compliance with the Karnag Supplier Code of Conduct.

Training

Karnag and its suppliers shall develop, implement, and uphold a training plan for employees. The training should be tailored to each individual, ensuring that each employee is equipped with the proper skills and knowledge related to their working tasks. The company's statement and policies shall be clearly communicated in detail to their employees.

Supplier management

Suppliers are responsible for ensuring compliance with the Karnag Supplier Code of Conduct in its supply chain.

Responsibility of Management and Employees

It is the responsibility of Karnag's senior management to communicate, within the company, the essence of this document, and to encourage employees to disclose any kind of behaviour that might be irreconcilable with these principles. Reports of violations of this Code can be made anonymously and confidentially to the CEO or the deputy CEO of Karnag AB. Individuals who report violations in good faith will not be subject to retaliatory measures. This Code of Conduct has been approved by the Board of Directors for Karnag, and can only be amended or annulled by the Board. All amendments or exceptions should be published.