

# Code of Conduct and Ethics

## 1. Introduction

This Code of Conduct and Ethics (the "Code") has been resolved and adopted by the Board of KB Components ("KB") on the 6<sup>th</sup> of February 2015. The Code shall also be resolved and approved by the Board of Directors in each subsidiary company within KB.

The Code applies to all KB directors, officers and employees, as well as to directors, officers and employees of each subsidiary of KB.

KB is proud of the values with which it conducts business. It has and will continue to uphold the highest levels of business ethics and personal integrity in all types of transactions and interactions. To this end, this Code serves to (1) emphasize the Company's commitment to ethics and compliance with the law; (2) set forth basic standards of ethical and legal behavior; (3) provide reporting mechanisms for known or suspected ethical or legal violations; and (4) help prevent and detect wrongdoing.

Given the variety and complexity of ethical questions that may arise in KB's course of business, it will not be possible to describe all situations that might occur. When we apply the principles laid out in the Code of Business Conduct and Ethics we will have a good guidance how to operate. Confronted with ethically ambiguous situations, the employees should remember KB's commitment to the highest ethical standards and seek advice from supervisors, managers or other appropriate personnel to ensure that all actions they take on behalf of KB honor this commitment. When in doubt remember:

**“Ask yourself whether you are willing to have any contemplated act appear the next day on the front page of your local paper – to be read by your spouses, children and friends – with the reporting done by an informed and critical reporter.”**

The guidelines below shall help all KB employees to promote standards of practice, be a tool for self-evaluation and a vehicle for company identity. Compliance with these guidelines is the responsibility of every employee.

The Code is meant to help all KB's employees to conduct their work and behave in a way that corresponds to the way the international society directs, – directions KB as a company fully support.

Living up to these guidelines preserves the integrity of KB.

KB's policy requires its directors and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Directors and employees must practice fair dealing, honesty and integrity in every aspect in dealing with other KB employees, the public, the business community, customers, suppliers,

competitors and government authorities. When acting on behalf of KB, directors and employees shall not take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or other unfair dealing practices. KB's policy prohibits unlawful discrimination against employees, shareholders, directors, customers and suppliers on account of ethnic or national origin, background, age, gender or religion. Respect for the individual is the cornerstone of KB's policy. All persons shall be treated with dignity and respect and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities.

No director or employee should be misguided by any sense of loyalty to KB or a desire for profit ability that might cause him or her to disobey any applicable law or KB's policy. Violation of KB's policy will constitute grounds for disciplinary action, including, when appropriate, termination of employment, civil and/or criminal penalties.

## **2. Scope and definition of Code of Conduct and Ethics**

KB has based its principles on the OECD guidelines for multilateral enterprises, which give an extensive overview of rules to follow and the UN Convention on the Rights of the Child.

Ethics regards the principles for what is accepted as right and wrong by an individual or a social group. We believe that ethics in professional life and corporate ethics must be directly linked to the ethics that set the standards for us as individuals and as a society.

Our values shall be reflected in our actions and are an important element in building our identity.

### **a) Laws and Regulations**

KB shall and will always follow the law in the country in which it is operating. In some instances, the KB rules may be more comprehensive than the local law/rules, and if not in conflict with the law, the KB principles are valid.

### **b) Health, safety and environment (HSE) / Work environment**

KB has a set of guidelines based on the environmental standards according to ISO14001 and ISO18001. These standards apply for all units worldwide. The same set of rules shall apply to KB's partners, e.g. suppliers.

### **c) Utilization of children labor**

As described in the preamble, KB fully support the Convention on the Rights of the Child, stating that all children have the right to leisure and education, thus neither KB nor its partners shall exploit children as a labor force.

### **d) Bribery**

Definition: "KB shall not directly or indirectly offer, promise, give or receive bribes or other undue advantages in the purpose to obtain advantages in business that would not otherwise be achieved." Bribery is damaging to democratic and economic development and thus impedes efforts to let countries prosper. KB does not accept bribery what so ever.

### **e) «Facilitating»**

In some countries, it is usual to smoothen the process of document flow etc. by paying “a small token”. This is called "facilitating". KB does not accept this as a KB way of doing business.

#### **f) Gifts**

The difference between bribery, facilitating and a gift may be difficult to observe. Be cautious. As a guideline, KB has a policy regarding receiving and giving gifts as follows: “Gifts exceeding SEK 450 shall normally not be given or accepted. Only CEO can approve gifts above this level. Travel paid by others has to be accepted by management, and gifts that are given by KB or received by a KB employee must be declared openly on the travel expense report.”

Gifts shall not be given or received as a condition of conducting business with a customer or to secure a supplier relationship with KB.

#### **g) Discrimination**

Illegal discrimination due to ethnicity or background, age, gender or religion is forbidden and should never occur. This applies to all KB employees, members of the board, customers, suppliers and others. Respect for the individual is the cornerstone of KB's policy. All persons shall be treated with dignity and respect and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities.

#### **h) Unfair Dealings**

KB requires that all employees are truthful in their dealings with one another, our customers and our supplier. KB employees shall not give the wrong picture to anyone through unfair dealings. KB employees shall never misuse confidential information, never manipulate others, never use threats or behave in a manner in which they fear «being caught». When in doubt, always play safe and by the rules!

#### **i) Pricing and taxes**

KB's internal transfer prices are set according to the so-called “Arms Length Principle”. This means that KB operates its subsidiaries in principle as independent companies i.e. trade as if with a third party. This facilitates accounting and tax issues in the different entities.

### **3. Procedure for reporting (Whistle Blowing) and handling of non-conformities**

As an integrated part of internal/external auditing, vendor assessment etc., KB shall on a regular basis check that all aspects of the above guidelines are followed. KB feels that our reputation is a priceless asset, in an effort to safeguard our commitment to Ethical treatment and adherence to our Code of Conduct and Ethics; we have instituted the following procedure for reporting violations of the KB's Code of Conduct and Ethics. This procedure shall be used to report possible violations of Company policy, fraud or illegal acts within our organization.

**The following are only a few examples of types of activities that should be reported:**

- An employee believes that a manager, executive or employee has engaged in questionable accounting or auditing practices.
- A vendor or supplier offers an employee, and the employee accepts an inappropriate gift or money.
- A manager or executive requests employees to falsify Company data.
- An employee falsifies payroll or expense reimbursements.
- An employee use corporate property, information or his/her position for improper personal gain
- An employee competing with KB directly or indirectly.
- An employee's private interest interferes in any way with the interests of the Company.
- An employee, or members of his/her family, receives improper personal benefits as a result of his/her position at KB.
- An employee discloses non-public information that might be of use to competitors or harmful KB.
- An employee is involved in theft of KB's property and assets.
- An employee disclosing of proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports.
- The Company cheats customers, suppliers or others who have a financial interest in it.
- Antitrust or competition law violations.
- A company superior asks employees to engage in activities they consider illegal or questionable.
- The offer or acceptance of cash gifts by any employee
- An employee steals cash, merchandise or other Company assets.
- Environmental violations are committed by an employee or the Company.
- Any type of harassment, including racial or sexual harassment (the location procedure for resolution of this type of concern shall be utilized first for addressing these issues).
- Any other activity that may violate applicable law or the Company's policies.

**It is the responsibility of all employees to report incidences which may be in breach of KB's Code of Conduct and Ethics. All reports must be made within 90 days of the incident being occurring.**

- The report shall include the name of the employee making the report, the date and time of the report, and the nature of the report.
- The completed report must be forwarded to the Finance/HR Department at KB.
- Each completed report will be investigated.
- Local resources may be used to conduct the investigation if deemed necessary. The decision regarding who will conduct the investigation will be based upon the nature of the violation reported and the resources available to conduct the investigation.

- The final results of the report will be completed within 60 days and reviewed by the CEO, and a copy of which will be kept on file in the Finance/HR Department at KB headquarter
- Any violation of company policy that is found will be dealt with accordingly.
- Violation of these Guidelines is a serious matter, and as such will be dealt with accordingly.
- Disciplinary action will be given as deemed necessary up to and including termination of employment from KB, civil and/or criminal penalties or termination of supplier contract, etc.

**Whistleblower Protection – KB takes the accusation of wrong-doing very seriously. Therefore, it is our policy that:**

- No employee shall be discriminated against or retaliated against for making a claim in good faith of a violation of the KB Code of Conduct and Ethics.
- However, any employee who is found to have intentionally made a false claim of violation of the KB Code of Conduct and Ethics Values will receive disciplinary action as deemed necessary, up to and including termination of employment.
- We trust that all KB employees will make the right decision and report any violations of the Code to the appropriate personnel.

## Contact list

Country	Name	Telephone	E-mail
Sweden	Johanna Henriksson	+46 435 561 24	Johanna.henriksson@kbcomponents.com
Lithuania	Eugenija Vendelskiene	+370 37 409 596	eugenija.vendelskiene@kbcomponents.com

If you do not have confidence with your area contact, you may contact the Group level or Board of Director level directly:

- President & CEO: Stefan Andersson
  - Telefon: +46 702499760
  - E-post: [stefan.andersson@kbcomponents.com](mailto:stefan.andersson@kbcomponents.com)
- Vice President: Lars Holtskog
  - Telefon: +47 48884191
  - E-post: [lars.holtskog@kbcomponents.com](mailto:lars.holtskog@kbcomponents.com)