



Code of Conduct for Suppliers of materials, components and services for Kallesoe Machinery's products

Introduction

The surrounding world is making increasing demands on companies to act in a responsible way in relation to society, the environment and employees. These are natural priorities for Kallesoe Machinery.

It is Kallesoe Machinery's purpose to establish a model company, which cooperate in an exemplary manner. By Model Company we mean a company working with products useful to society, which treats its customers, suppliers, employees of all categories and shareholders better than most other companies.

We firmly believe that we should behave towards the world around us, which includes society in general, beyond the requirements of legislation and regulation.

The purpose of this Code of Conduct is to make sure that all Kallesoe Machinery products are manufactured in a way that characterizes a company that acts in a responsible way in relation to all stakeholders. We aim to establish long lasting relationships with our suppliers to our mutual benefit. It is the intention to encourage commitment to responsible manufacturing.

Kallesoe Machinery endorses the guidelines and recommendations of the World Trade Organization (WTO) and will, therefore, other things being equal prefer suppliers from member countries.

General requirements

Kallesoe Machinery recognizes the Universal Declaration of Human Rights (1948) as well as the core labour conventions of the International Labour Organization as reflected in the Declaration on the Fundamental Principles of Rights at Work (1998)¹. These international standards form the basis of this Code of Conduct, and we expect our suppliers to share our commitment to these standards.

All suppliers of materials and components must as a minimum comply with local laws and regulations in their countries of operation. Should any of the specific provisions of this code of conduct legally conflict with national or local laws, the applicable laws should always prevail; in these cases Kallesoe Machinery should be notified.

All suppliers must act in compliance with national and international competition legislation and regulation, and they must follow the WTO's legal ground-rules for international commerce in order to obtain open, fair and undistorted competition.

Kallesoe Machinery does not accept bribery.

Kallesoe Machinery encourages our suppliers to communicate and use this Code of Conduct in co-operation with their own suppliers for materials and components delivered to Kallesoe Machinery.

Kallesoe Machinery offers to assist the suppliers with advice in the process of implementing this code of conduct as appropriate. We will enter into a constructive dialogue with the suppliers to improve the overall conditions.

¹ Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87) Forced Labour Convention, 1930 (No. 29) Discrimination (Employment and Occupation) Convention, 1958 (No. 111) Minimum Age Convention, 1973 (No. 138) Right to Organize and Collective Bargaining Convention, 1949 (No. 98) Abolition of Forced Labour Convention, 1957 (No. 105) Equal Remuneration Convention, 1951 (No. 100) Worst Forms of Child Labour Convention, 1999 (No. 182)



Scope of Kallesoe Machinery's Code of Conduct

Employees

In respect of human and labour rights the specific requirements of this code of conduct are based on the eight core conventions defined in the ILO Declaration on the Fundamental Principles of Rights at Work.

All suppliers to Kallesoe Machinery must provide a safe and healthy working environment for all employees.

Employees must have freedom of association and the right to collective bargaining consistent with applicable laws.

Employees must be treated within the applicable national or local laws regarding employment. Working hours should be mutually agreed upon between the company and the employees. In companies where an organized labour union exists working hours should be defined through the collective bargaining process.

Kallesoe Machinery believes that working hours should not exceed 60 hours including regular overtime a week.

Kallesoe Machinery believes that all children have the right to a childhood and an education. Suppliers must ensure that no person shall be employed at an age younger than 15 or younger than the age of completing compulsory education. Where national law permits, workers of 12 to 15 of age may undertake light work a few hours a day provided it is not likely to be harmful to their physical or mental health and development nor to prejudice their attendance at school.

This Code of Conduct applies to part time and full-time employees; adults and children.

Kallesoe Machinery will not conduct business with suppliers who discriminate. Kallesoe Machinery will not conduct business with suppliers who use forced or involuntary labour.

Environment

All suppliers must have a written environmental policy or statement. Kallesoe Machinery recommends the suppliers to have an ISO 14001 certification or EMAS registration or equivalent environmental management system.

Chemical and Material Blacklist

All suppliers are obligated to ensure that materials and chemicals used in products or services delivered to Kallesoe Machinery at any point in time fulfil the requirements stated in the Chemical and Material Blacklist.

Chemicals and materials prohibited by applicable law or set out in the Chemical and Material Blacklist must not be present in products or services sold to Kallesoe Machinery.

Chemicals and materials that are restricted in the Chemical and Material Blacklist can only be present in products or services sold to Kallesoe Machinery in accordance with phase out plans in place.

The continuous updated Chemical and Material Blacklist can be found here: http://www.kallesoe-as.dk/media/94512/chemical-and-material-blacklist_2015.pdf

Chemicals supplied to Kallesoe Machinery must be delivered with Material Safety Data Sheets (MSDS) fulfilling legal requirements and in the local language. Updates of MSDS must be sent to Kallesoe Machinery immediately after release.

All suppliers must identify and manage chemicals and other materials posing a hazard to workers and



the community if released into the environment and must ensure safe handling, movement, storage, recycling or reuse, and disposal of such materials.

All suppliers shall work to prevent accidental releases of hazardous materials and adverse environmental impact on the local community.

Monitoring

Kallesoe Machinery reserves the right to monitor suppliers and their facilities to ensure compliance with Kallesoe Machinery's Code of Conduct. Kallesoe Machinery also reserves the right to monitor, as appropriate, our suppliers' subcontractors to assess their compliance with Kallesoe Machinery's Code of Conduct.

Kallesoe Machinery can request adequate action plans to correct monitoring findings and undertake follow-up visits to ensure that improvements are made. If improvements do not progress in an acceptable manner Kallesoe Machinery reserves the rights to terminate the relationship.

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Accepted by: _____

Name: _____

Date: _____

Signature: _____