

SAFEROAD®



Procurement Policy for Saferoad Group



One of the most important instruments to secure competitiveness, creation of added value and profitability, is our ability to attract, manage and cooperate with the most cost efficient and innovative suppliers.

Key Principles

Saferoad strives to conduct business in a responsible manner based on the duty to respect human and labour rights, protect health, safety and the environment, and in general, apply sound business practices.

Saferoad's Procurement Policy is based on our Values, and our Code of Conduct and Corporate Social Responsibility Guidelines. It sets out clear guidelines for our relations with suppliers and clarify our own overall view of procurement activities. It is the common responsibility of all employees and managers in the Saferoad Group, that Saferoad is perceived as a professional and trustworthy commercial counterpart.

We shall:

- conduct our procurement activity across the Group with integrity and in accordance with applicable laws and regulations and in accordance our Code of Conduct .
- be recognized as a demanding, but fair customer.
- provide correct, clear and credible information, and treat suppliers impartially.
- evaluate and pre-qualify all potential suppliers in accordance with established evaluation criteria.
- work closely with selected suppliers to enable cost efficient production, innovation, technical development, quality, and customer satisfaction.
- base our relations with our suppliers on mutual respect, sound ethical business practices and credibility.
- place high priority on quality and environment in our procurement activities.



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Saferoad has clear and ambitious targets for procurement, and works systematically to monitor spending, and to measure and report procurement results.



1. Professional procurement

The procurement function in Saferoad is organized in a category structure, which includes all companies in the Group. Each category is led by a Category Manager. The category managers are specialists within their products and markets, and have the full commercial responsibility for the procurement processes conducted in their respective categories.

Procurement demands professional competence and experience, and we place emphasis on continuously developing the skills and competencies of the resources involved in our multidisciplinary procurement processes.

The procurement process conducted in the category teams always follow a structured methodology, aided by effective tools and procedures. Line management is responsible for planning demand, allocation of technical and operational resources to the teams, and for supporting procurement strategy propositions.

The procurement process is supported by a spend management system that allows for spend visibility and procurement controlling at Group level.

All procurement activity shall be conducted in accordance with applicable legislation and regulations and in accordance with our Code of Conduct.



2. Sourcing

All potential suppliers to Saferoad shall be pre-qualified in accordance with established evaluation criteria. We emphasize besides performance-based or functional specifications in order to identify the most efficient and competitive suppliers in each category.

We seek to purchase strategic goods and services on a long-term relation basis, when the supplier can verify continuous realization of productivity and strong competitiveness. When beneficial, we are prepared to work closely with these suppliers to enable cost efficient production, innovation, technical development, quality and customer satisfaction.

When choosing suppliers, we will evaluate them on the basis of their total competitiveness, emphasizing the following elements:

- Cost efficiency.
- Financial stability.
- Quality and technical capability.
- Production and delivery capability.
- Innovation and flexibility.
- Health, environmental and safety aspects.
- Service capability.

We seek a broad international scope, and all procurement activity shall be conducted in accordance with applicable laws and regulations.

Only specifically nominated employees in Saferoad have the authority to establish binding oral or written agreements with suppliers.

All relations are to be based on mutual respect, sound ethical business practices, and credibility.



3. Supplier relations

Saferoad will provide correct, clear and credible information, and treat suppliers impartially. When conducting the purchasing process, we will not present information that would give one supplier an advantage compared to others. All bidders are to be treated equal and fair, all receiving the same information.

Information related to procurement is sensitive, and terms and conditions, budgets, plans, preferences, the content of tenders or competing offers are always classified as confidential and internal information, and will not be disclosed.

Neither Saferoad, nor our suppliers, have the right to use the other party as reference, for marketing purposes or in any other communication, without the other party's written consent and approval of material.

Saferoad's Code of Conduct and Corporate Social Responsibility Guidelines are available on www.saferoad.com/sustainability/ethics-and-compliance.

We expect and require our suppliers to be accustomed and comply with these.

Contract Management Policy and Corporate Compliance Program are operational guidelines for our behavior and are found in our Management Handbook.



4 . Ethics

We act with integrity and work to support the view of Saferoad as a professional and trustworthy business relationship. We set high standards for ourselves and our impact on environment and society at large. We act in accordance with laws and regulations. Our behaviour must stand to public scrutiny without damaging the reputation of Saferoad. The same conduct we expect and require from our suppliers.

Conflicts of interest are not allowed, meaning that purchasers and other decision-makers are not permitted to have direct or indirect interests in a supplying company.

It is not permitted to receive any type of personal remuneration, bonus or compensation from a supplier. It is not permitted to receive gifts or services, other than those of insignificant value. We are to pay for the cost of all visits to suppliers.

Saferoad's Code of Conduct, Corporate Social Responsibility Guidelines, Contract Management Policy and Corporate Compliance Program are operational guidelines for our behavior.

All issues that might relate to ethics will be communicated to one's superior manager in order to assure clarification, transparency and openness.

5. Quality and environment

Procurement activities are to be conducted within the framework of the Saferoad Code of Conduct and within applicable laws and regulations. Quality and environment are given high priority in procurement, to assure trust among customers, owners, employees, the public and the authorities. The same conduct we expect and require from our suppliers.

Our suppliers must confirm that they meet with the regulations put forward by the UN, the ILO-conventions and other relevant international organizations.

Saferoad acknowledges human rights in all areas, and no products produced by children.

Where supplier revisions are undertaken, we will emphasize that the production satisfies the relevant environmental requirements in the country where it is purchased and where it is to be used.

6. Responsibility

Managers are to secure that the Procurement Policy is followed and monitored in all Saferoad companies. Any questions related to the established guidelines for how we should relate and deal with the supplier market, and how we shall conduct our procurement activity, can be made to SVP Operations in Saferoad.

References:

UN's Global Compact's 10 principles - www.unglobalcompact.org/

The Universal Declaration of Human Rights (UN 1948) - www.un.org

Freely Chosen Employment; ILO Conventions Nos. 29 and 105

Freedom of Association and the Right to Collective Bargaining; ILO Conventions Nos. 87, 98, 135 and 154

No Child Labour; UN Convention on the Rights of the Child ILO Conventions Nos. 138, 182 and 79 ILO Recommendation No. 146

No Discrimination, For more information from the International Labour Organization (ILO) visit www.ilo.org.

For more information about the Ethical Trading Initiative (ETI), visit www.ethicaltrading.org

UN Convention on Discrimination Against Women; ILO Conventions Nos. 100 and 111

Safe and Hygienic Working Conditions, ILO Convention No. 155; ILO Recommendation No. 164

Adequate Wages, ILO Convention No. 131

No Excessive Working Hours, ILO Convention No. 1 and 14

An overview of the Saferoad group companies can be found at www.saferoad.com.



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