

Transparency in the Supply Chains

For Nederman, protecting human rights within our own organisation and upstream among our suppliers is an important part of conducting business well. No matter where our products are produced, we expect that they are produced with respect for the people who make them.

This document is a review of actions Nederman is taking to uncover risks, prevent and address modern slavery and human trafficking statement in our supply chains. It is structured to respond to regulatory requirements in [California](#) and the [UK](#) on transparency in the supply chains. For additional information, we encourage you to make direct contact with us: hans.hallberg@nederman.com

Nederman frames its response to modern slavery and human trafficking around the following key actions:

1. **Supplier selection criteria:** Suppliers are expected to reflect high standards of business practices as outlined in our Code of Conduct (CoC) for suppliers and to commit to complying with them;
2. **Self-assessments:** Founded on a risk-based approach, suppliers are required to conduct self-assessments to scope practices and assess risks;
3. **Audits:** Supplier audits are conducted to review performance and management of risks;
4. **Supplier evaluation:** Our CoC stipulates that products must comply with local laws and regulations, including those that cover modern slavery and human trafficking. We place expectations on our suppliers that they monitor their own suppliers' performance.
5. **Accountability:** Each local purchasing organisation is responsible for fulfillment of the CoC among its suppliers.
6. **Training:** All members of Nederman's purchasing teams are required to take part in CoC training.

Business structure and supply chain.

Nederman is a leading clean air company. We filter, clean and recycle in industrial production facilities through our eco-efficient processes. We are organized in four divisions: Extraction & Filtration Technology, Process Technology, Duct & Filter Technology and Monitoring & Control Technology, represented in three regions—the Americas, Europe, the

Middle East and Africa as well as Asia and the Pacific, and are active in some 30 markets the world over.

Currently, Nederman has more than a thousand direct material suppliers, located in some twenty countries.

Traditionally, Nederman strives to maintain longstanding relationships with our suppliers, which helps us better understand their risks and strengths, and further builds trust and an understanding of our priorities.

Verification & audits.

1. Steps taken by Nederman during 2018 to ensure that modern slavery and human trafficking is not taking place.

Our commitment to preventing human rights non-compliance is outlined in our CoC, applicable to all suppliers across all markets. Importantly, our suppliers are to confirm that they in turn will use their best efforts to convey the CoC to their own suppliers and to convince them to comply with its principles and requirements. By signing our CoC and as an integrated part of our purchasing criteria, all new (global and local) suppliers must confirm that they support the principles and requirements included in our CoC. In 2018, 86% (2017: 81%) of our purchasing spend came from suppliers that have signed the CoC, confirming that they are committed to fully comply with our expectations. For those suppliers working in geographical areas or industry sectors identified as high risk for non-compliance, and if the supplier refuses to sign CoC or signs with a remark, we require both existing and new suppliers to conduct a self-assessment to identify gaps and possible areas of concern. In instances where questions arise from the self-assessment, audits are conducted to verify compliance. During 2018, 52 (2017: 50) announced audits were conducted; all using internal resources.

Accountability.

2. Policies, due diligence processes and relating to human rights risks.

Nederman endorses the United Nations Global Compact's (UNGC) [ten principles](#), three of which are relevant to preventing and being non-complicit in modern slavery and human trafficking violations. Nederman's operations and governance system have been evaluated against all these principles.

Our expectations on employees and suppliers are outlined in our CoC. All new suppliers must confirm that no employee is employed against his/her will and that no one is forced to work in any way, and that they are committed to complying with the principles and requirements of the

CoC as a precondition for doing business with us. Additionally, they must confirm that they are compliant with the laws of the applicable jurisdiction(s) regards to compensation and maximum working hours. You can access the CoC through our website nedermangroup.com

We regularly monitor evolving risks for human rights through Maplecroft Human Rights Risk Atlas.

The sustainability self-assessment form includes a number of questions to better enable human rights due diligence. Self-assessments are conducted if the supplier refuses to sign the CoC or signs with a remark. Alternatively, it can be sent to a supplier if there is suspicion about a breach of the CoC or as preparation prior to an audit. Self-assessment questions address among other things: pay slips and wage lists, overtime per week defined by national law, confirmation that every employee is paid at least the statutory minimum wage and receives paid leave as well as issues relating to forced labor.

In instances where the self-assessment reveals potential issues of non-compliance, Nederman conducts supplier audits and thereafter works continuously with the supplier to address relevant issues at hand.

The local purchasing manager is responsible for selection of suppliers according to our procedures. Supplier evaluations can be conducted by purchase or quality officers. In cases where there are indications of serious breaches of the CoC, the case is escalated to the local purchasing manager, who in turn is responsible for raising the issue to the Vice President Operations in their respective division.

3. Effectiveness in ensuring that modern slavery and human trafficking is not taking place.

During 2018, zero (2017: zero, 0) instances of non-compliance relating to forced labor and working conditions were revealed among direct suppliers during our audits.

Training

4. Human rights training.

As of 2018, Nederman has rolled out a training program in order to increase competencies on human rights within the company and better enable the identification of potential risk areas. All staff within purchasing must undergo e-learning or in-classroom training and the training

covers all aspects of our CoC. In 2018, 77 % (2017: 78 %) of all invited purchasers took part in the training.

This statement has been approved by the Board of Directors [signed by the company director].

January 24, 2019

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Sven Kristensson

CEO & President Nederman Group