

Derome

CODE OF CONDUCT

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Derome

In an increasingly complex world with challenges such as climate change, population growth, and increased resource needs, the conditions for all business operators are changing. The decisions we make today define the society of tomorrow, and within Derome, we have both an opportunity and a responsibility to act.

We want our operations to contribute with products and solutions that minimize negative impact on the climate and environment while simultaneously providing positive effects for people and society. Our core values and corporate culture, combined with the desire to challenge and improve, form the foundation of our code of conduct. To succeed, we work together.

Achieving our goals requires collaboration and commitment, where all employees are involved and contribute to the company's development through their actions. Caring for each other and providing support in both good and challenging times is a natural part of this and a responsibility shared by all of us, regardless of role. With curiosity and effective communication, we build strong relationships and strive to provide our customers with the best service and results.

It is crucial that we all adhere to our code of conduct to ensure sustainable success in our chain from the forest to the finished house.



Magnus Andersson
CEO Derome Group

Derome

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Derome

Introduction

Derome aims to contribute to sustainable societal development and create added value for customers, employees, suppliers, and owners. Fundamental elements to achieve this include good business ethics, transparency, and collaboration as we strive for long-term and trustful relationships. We construct in wood, actively addressing climate and environmental issues, and demonstrate a strong social commitment to locally rooted sustainable housing.

Derome's code of conduct guides us by describing our values and the requirements we place on employees, as well as those we collaborate with. Through continuous improvement, we take responsibility. The code ensures that we not only comply with legal requirements but also follow the governance and guidance set forth in our other policies, guidelines, and rules within the group.

Together with our core values, the code of conduct is the most important guiding document for our employees, helping us make the right decisions. Derome's code of conduct is based on the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the principles of the UN Global Compact, the International Labour Organization's (ILO) conventions and recommendations on human rights in the workplace, the OECD Guidelines for Multinational Enterprises, and other relevant frameworks.

Derome culture & core values

OUR CULTURE

Derome's corporate culture, in simplified terms, is based on the owner family's approach to how we should treat each other and how we should work and conduct business to gain the trust of our customers. Simplicity is highly valued, and our communication should be straightforward. We invest significantly in developing the business in a sustainable manner and staying at the forefront, while the culture is characterized by a prudent thriftiness.

OUR CORE VALUES

Our values, along with our expertise and the characteristics of our products and services, form the core of the Derome brand. We have summarized these values in four core principles: Drive, Simplicity, Long-Term Perspective, and Responsibility.

Drive

Our drive comes from the commitment and business acumen of our employees. We continually develop our employees and operations to foster growth. We listen to our customers and are responsive to changes in our environment. We get things done.

Simplicity

We are down-to-earth and easy to do business with. We simplify our customers' everyday lives. We are clear and keep our promises.

Long-Term Perspective

Long-term relationships are the foundation of successful business. As a family-owned company, we reinvest in the business to continue evolving. We contribute to building the society of the future for upcoming generations. Long-term thinking permeates our entire operation.

Responsibility

We work towards sustainable development and take social, economic, and environmental responsibility.

Business Ethics and Business Principles

Integrity is a key factor in business operations and interactions. It is always important to maintain the highest standards to ensure that we make decisions in the best interest of our customers and our own business.

VI FÖLJER LAGAR OCH FÖRORDNINGAR

Derome följer de lagar, regler och förordningar som gäller på marknader där vi är verksamma.

RÄTTVIS KONKURRENS

Rättvis och fri konkurrens skyddas av tillämplig konkurrens- och antitrustlagstiftning. Vi litar på att våra produkter och tjänster kommer att lyckas på en konkurrensutsatt marknad. Vi anser att rättvis och öppen konkurrens är bäst för vårt företag och våra anställda, våra kunder, våra intressenter och vårt samhälle. Rättvis konkurrens driver effektivitet och innovation, vilket är grunden för en välfungerande marknadsekonomi.

Derome's Principles

- > We compete and conduct business in a transparent manner based on quality and competence.
- > We do not engage in activities aimed at restricting competition, including:
 - Price-fixing agreements
 - Customer and geographic market allocation
 - Cartel formation
 - Abuse of dominant position
 - Other methods that unlawfully limit competition
- > We treat our suppliers professionally and select suppliers based on objective criteria.

ANTI-CORRUPTION

Corruption is not only illegal but also undermines social and economic development. Common forms of corruption include bribery, facilitation payments, fraud, extortion, and money laundering. It also involves the abuse of power or position for personal gain, such as extravagant gifts or hospitality, which unduly influences business decisions or poses a risk of doing so. Facilitation payments or "grease payments" occur when a person pays a public official to expedite a decision or process.

Money laundering occurs when money or other assets, directly or indirectly derived from criminal activity, are introduced into the legal economic flow, making their source appear legitimate. Criminal activities may include bribery, human trafficking, drug smuggling, extortion, or fraud.

Derome's Principles

- > At Derome, we have zero tolerance for corruption. We do not offer, either directly or indirectly, bribes or other undue benefits, including facilitation payments, and we never support money laundering.
- > We conduct appropriate due diligence to understand the business and background of existing and potential customers and business partners.
- > We allocate incoming payments to corresponding services promptly and record them accordingly. We ensure transparent and open cash flows.
- > We report to relevant authorities any reasonable suspicions of money laundering, in accordance with applicable laws.
- > We permit benefits for business partners, customers, or other external third parties only within the allowable legal framework and in accordance with existing internal rules.

COMPLIANCE WITH TRADE RULES AND SANCTIONS

Linked to import and export, trade compliance refers to the processes and approaches through which goods enter and exit a country in accordance with the country's rules, laws, and other requirements. International trade compliance has many aspects, including classification, trade risk, import duties and taxes, certifications, and country-specific import licenses and approvals.

Sanctions are legal instruments used by governments and multinational bodies to influence foreign policy by prohibiting business dealings with certain countries, individuals, entities, or sectors. We stay updated on Sanctions Lists maintained by entities such as the UN, the USA, and the EU.

Derome's Principles

- > We adhere to applicable national and international regulations on trade restrictions and sanctions in the countries where we operate.
- > We conduct appropriate due diligence to understand the business and background of existing and potential customers and business partners.

CONFLICTS OF INTEREST

Conflicts of interest arise when there is a conflict between our personal interests and our responsibility as employees or representatives of Derome. A conflict of interest is a situation where economic or other personal considerations may influence decisions or undermine a person's judgment and objectivity.

Derome's Principles

- > We collaborate with our business partners to avoid situations where conflicts of interest may arise and disclose potential conflicts of interest.
- > Employees are individuals and have the right to a private life, but we all must act in the best interest of Derome, and we all have a responsibility to make decisions without regard to personal gain and avoid conflicts of interest.

INTEGRITY AND SENSITIVE INFORMATION

Digitalization is a crucial part of Derome's strategy. Effective use of data is essential, and we are committed to protecting the data of customers, business partners, and employees. Protecting sensitive information involves safeguarding personal data, company information, intellectual property, and assets.

Protection of Personal Data Personal data is always considered sensitive information. Data protection is about preserving personal privacy. Personal data can include someone's date of birth, contact information, family members' names, personal health information, photographs, or identity numbers.

Derome's Principles

- > Process personal data only for the purposes for which they are intended.
- > Handle personal data with respect and in a secure and legal manner.
- > Collect and use the most accurate personal data needed, and no more.
- > Only individuals authorized to handle personal data have access to them.
- > Store personal data only for as long as necessary.
- > Our principles for secure handling apply everywhere, in the office, outside the office, and at home.

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INTELLECTUAL PROPERTY AND CONFIDENTIALITY

To protect ideas, processes, and business information is important for our competitiveness and crucial for our success. For this reason, certain information is considered intellectual property and is regarded as confidential. Confidential information includes all non-public information about our processes, products, research and development, innovation, know-how, strategic or financial plans, or positions.

Deromes principer

- > Everyone, both employees and collaborators, has a duty to protect information that Derome considers confidential. The obligation to protect confidential information may continue even after you have left the company.
- > We never share the company's confidential information with anyone who does not have the right to access or receive it.
- > We do not discuss confidential information in public places or in any media.
- > Confidential material must not be left unattended, even at the office.
- > We protect the confidential information shared with us by suppliers, business partners, and others.
- > Confidentiality agreements should be signed before sharing confidential information.

We care about people

Maintaining a high level of well-being and consideration contributes to a positive work environment, taking into account both physical and mental aspects. Our highest priority is to ensure safe and secure workplaces, where every employee should be able to finish the workday in the same condition as when it started. We all have a responsibility to follow safety protocols and contribute to a positive work environment. Deviations from safety regulations should be reported to prevent accidents..

RESPECT FOR HUMAN RIGHTS AND WORKERS' RIGHTS

Derome respects and upholds internationally recognized human rights and workers' rights in accordance with the UN's Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights. We have integrated these principles into our code of conduct, our supplier code of conduct, and our daily operations based on:

Derome's Principles

- > We work here because we have voluntarily chosen to do so, and we do not tolerate any form of forced labor, including modern slavery. Forced labor is any work or service that people are forced to do against their will, under threat of punishment, and to which they have not voluntarily consented. Modern slavery includes human trafficking and involves recruiting, harboring, or transporting people into a situation of exploitation using violence, deception, or coercion, forcing them to work against their will.
- > All employees should have an employment contract, and we are all free to leave our employment or assignment after reasonable notice in accordance with applicable law.
- > We adhere to applicable laws and agreements on employment conditions, including working hours, rest periods, compensation, and benefits.
- > We respect employees' right to freedom of association and collective bargaining, as well as every employee's choice to refrain from joining a trade union. We promote good relationships with employee organizations, trade unions, and employee representatives.
- > We respect the right of children to personal development and education, and we do not engage in child labor. >
- > Minorities and indigenous populations have the right to decent living conditions, education, employment, social activities, and the right to development that affects them and the land they live on. These groups should be protected from forced eviction from land, forests, and water due to exploitation or other use of land, forests, and water.
 - In the event of a conflict with the local community regarding the use of land or other natural resources, we will, through negotiation, ensure that respect is shown to the greatest extent possible for individual and collective rights to land and other resources based on traditions and customs, including cases where such rights have not formally been registered.
 - In processes where there is a risk of endangering indigenous rights, we observe the principle of the right to free, prior, and informed consent (FPIC) in accordance with the UN Declaration on the Rights of Indigenous Peoples.

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SAFETY AND HEALTH

Derome prioritizes health and safety. It is about preventing accidents and committing to creating a healthy and safe working environment for our employees and individuals working with us or come into contact with us through our projects. It is crucial that everyone goes home safely after work, and our goal is an injury-free work environment. Well-being contributes to a positive work environment and is created with the support of supervisors, by feeling valued and physically secure.

Derome's Principles

- › We shall provide a working environment that promotes and protects everyone's health, safety, and well-being.
- › We believe that accidents, injuries, incidents, work-related illnesses, and unsafe conditions can often be prevented. Derome's workplaces should be secure and safe. By prioritizing safety in planning and operations, we ensure that our work environment complies with applicable laws and health and safety requirements.
- › Through systematic occupational health and safety work, we will create conditions for all employees to have a physically, organizationally, and socially sound working environment.
- › Each employee has a responsibility for their own and others' safety.
- › Derome's employees should be given the opportunity to develop and be treated with respect for their opinions, knowledge, and experiences.
- › A good leader at Derome involves, develops, and creates engagement among employees.
- › We want each workplace to be characterized by care and respect for each other.

AN INCLUSIVE WORKPLACE

We believe that the company develops best when our employees enjoy their work and have fun. Treating each other in a respectful, inclusive, and dignified manner makes us stronger as a company and provides greater value to our customers.

Derome's Principles

- › We have zero tolerance for discrimination, harassment, threats, bullying, or violence, regardless of role or position within the company. Instead, we encourage and expect mutual respect—between colleagues and between our company and our business partners.
- › Derome works for diversity, inclusion, and gender equality. Equal treatment and equal opportunities should apply to everyone. Diversity includes aspects such as gender, age, ethnic background, religion and other beliefs, sexual orientation, educational background, the ability to see and understand the world in different ways, or other characteristics that make us unique from each other. Inclusion means that all people have the right to be respected, appreciated, and listened to. It also involves actively seeking others' opinions.
- › We do not accept any form of mental or physical punishment or threats of punishment, reprisals, or harassment. In this code, harassment is the same as behaviors or comments that create, encourage, or allow a hostile or threatening work environment. This includes verbal or physical harassment, bullying, sexual harassment, abuse of power, racism, inappropriate humor, or other actions that offend or cause discomfort.
- › If you observe or experience inappropriate or unacceptable behavior, including harassment and discrimination, speak up and report your concerns.

We Care About the Environment

Everything we do has some form of impact on the environment, and our approach should be holistic and aimed at managing and protecting the environment. We are committed to becoming climate-neutral by using fossil-free fuels, increasing the use of renewable energy, efficiently using resources, adopting circular practices, and avoiding pollution in all its forms. Our work will be systematically guided, avoiding deviations, and striving for continuous improvement..

CLIMATE NEUTRAL

Global warming and climate change affect us all through periods of extreme heat, drought, heavy rainfall, and storms, increasing the risk of major forest fires and floods. Additionally, crucial species, habitats, and entire ecosystems that are vital functions for life and resources on Earth are under threat. Primarily, the combustion of fossil fuels such as coal, oil, and gas is responsible for global warming. As a company, Derome has all the opportunities to reduce greenhouse gas emissions—both in our own operations and throughout the value chain.

Derome's Principles

- > We strive to limit climate change in line with the Paris Agreement and contribute by becoming climate-neutral, primarily within our own operations by 2030 and throughout the value chain by 2045.
- > We regularly assess our climate impact.
- > We optimize energy use and increase the share of renewable energy in our operations.
- > We remove and store carbon from the atmosphere through forestry and products within our chain from forest to finished house.
- > To facilitate our customers' conscious choices, we measure and document the environmental performance and carbon footprint of our products.

POLLUTANTS AND REDUCED EMISSIONS

Pollutants are substances or emissions that are irritating or harmful to humans, animals, and plants. Production facilities impact the environment through processes and the use of chemical substances. If not prevented or managed properly, pollutants can be released into and exist in the air, soil, or water.

Derome's Principles

- > We identify processes in our operations that may pose a risk and ensure procedures and equipment to prevent and limit pollution in all its forms.
- > Everyone working for or in relation to Derome plays a crucial role in limiting environmental impact within their sphere of influence. In workplaces where the activity is considered hazardous, additional special regulations apply.

RESOURCES & CIRCULAR MATERIAL FLOWS

The Earth's resources are not infinite, and there is growing concern about the use of natural resources, prompting us to consider existing production and consumption patterns. To address these concerns, the focus is on using resources as efficiently as possible, not only our raw materials but also energy and water, and we are continually working to reduce waste.

One of the key priorities is to improve resource efficiency and stay within the limits of the planet. This means developing, implementing, and maintaining circular material flows. Most wood-based products have the advantage of being reusable, recyclable, and can all be used to generate renewable energy at the end of their life cycle.

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Derome's Principles

- › Derome's ambition is to actively seek methods that can reduce our environmental impact within our sphere of influence.
- › We use natural resources and other resources as efficiently as possible.
- › Our waste should be well-sorted and minimized.
- › We choose renewable materials over non-renewable materials. The goal is to achieve a more balanced use between virgin and recycled materials, and we recycle materials when appropriate.

RESPONSIBLE FORESTRY AND TRACEABLE WOOD

A significant part of the group's operations is based on forests and the opportunities they provide. Forest and wood are renewable, recyclable, and biodegradable raw materials; they regrow and sequester carbon. Derome has a close collaboration with forest owners to promote responsible and value-creating forestry. This includes advocating for forestry practices that maintain the productivity of the forest and forest land while preserving ecosystem services and biodiversity. With the increased demand for forest-based materials, it is crucial to process timber as efficiently as possible to avoid losses and produce products that can continue to sequester carbon over a long period.

Derome's Principles

- › Our forestry is conducted sustainably, certified, and follows the rules, principles, and criteria set by PEFC and FSC®.
- › Derome manages the forest responsibly and with a long-term perspective. We use land, water, and forest resources responsibly, considering conservation, social, and cultural values. The rights of indigenous peoples to the forest are not violated, and there is no forced eviction or deprivation of land, forest, and water.

The timber we purchase and use to manufacture our wood-based products comes from certified sustainably managed forests or is verified not to come from forest areas where: traditional or civil rights are violated, high conservation values are threatened, natural forests are cleared to make way for plantations or non-forest land, illegal logging has taken place, or where there are genetically modified trees. Timber also does not come from key biotopes, forests with high conservation values, or from illegal or unauthorized logging.

RESPONSIBLE SOURCING AND PURCHASE

The ultimate role of the supply chain is to efficiently ensure that we have the right products at the right price from suppliers who deliver on time, with high-quality manufacturing practices, so that we can meet our customers' expectations. Derome collaborates with many business partners, including manufacturers, suppliers, distributors, agents, consultants, contractors, or service providers. Responsible procurement practices ensure that we are a fair business partner while strengthening the supply chain.

Derome aims to maintain and further develop a systematic, long-term, responsible, transparent, and business-integrated approach to addressing ethical challenges in our supply chain. We will clearly define and communicate our expectations to our suppliers, provide relevant training, initiate third-party audits of environmental, social responsibility, and corporate governance ("ESG"), and instruct our suppliers to implement corrective actions as needed. We work to take an active role in initiatives aimed at promoting ESG performance in our industry.

Derome's principles

- › We identify and evaluate risks, opportunities, and negative impacts on our operations, supply chains, and business relationships.
- › Before engaging with and selecting a business partner, we should conduct due diligence to ensure that we know who they are, understand their standards, and assess their performance.
- › Procurement teams and terms should always be clear, ensuring that our business partners are aware of and understand our requirements and standards for environmental, social, and ethical issues as stated in the Supplier Code of Conduct (SCOC).
- › We maintain an open and transparent dialogue, including monitoring business partners throughout the entire relationship based on the agreed-upon business contract and act if irregularities are identified.
- › Engage in dialogue and strategic partnerships with stakeholders to continuously raise the level of sustainability knowledge and performance among our suppliers.
- › We work and collaborate to prevent, mitigate, and remediate when necessary.

PRODUCT INFORMATION

To simplify the everyday lives of our customers, it is important for us to ensure compliance and provide clear and accurate information.

Derome's Principles

- › Derome shall, to the extent possible, prevent risks, negative effects, hazards to the health, safety, environment, and assets of our customers or end-users arising from the handling or use of these products and services.
- › During the design or development of a new, modification of an existing, sourcing, or purchase of products or services, we ensure that they comply with regulatory requirements and internal standards for each respective product or service, including those related to emissions, safety, hazardous materials or substances, environmental claims, and marketing as required. We never compromise on product compliance.
- › We shall always provide accurate and complete information required about a product and refrain from any form of misleading information.
- › All Derome's products and services shall be marketed and labeled in accordance with legal requirements.
- › The information shall be clear and easily accessible.

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Code compliance

Derome's board is ultimately responsible for ensuring that the code of conduct is followed within the organization. The code applies to all employees at Derome, regardless of their position within the company, including part-time employees, consultants, contract employees, and temporary employees. If you are a manager or supervisor, you have a special responsibility to lead by a good example. An employee who feels uncertain about the application in daily work can receive guidance from their manager. Managers at every level are responsible for ensuring that the requirements of the code, as well as associated guidelines and rules, are applied and followed within their departments or functions. If an employee violates the established principles of the code, it may result in corrective actions, and in severe cases, termination of employment.

WHISTLEBLOWING

Derome works to prevent crimes and unethical behavior within the group and promote a healthy culture for reporting misconduct. Employees can safely report suspicions of misconduct without fear of negative consequences, and Derome commits to investigate and act on such reports, communicating the results appropriately.

Employees are encouraged to blow the whistle on suspected violations of the company code or legislation. Reporting is primarily done to the immediate supervisor, but if that is not appropriate, it can be done to the supervisor's manager, the HR function. There is also the option to report anonymously through Derome's independent whistleblower and investigation team: [Trumpet](#). You can be completely anonymous, and all reports are treated with confidentiality. Whistle can also be reached at derome.se/whistleblowing

Derome does not tolerate retaliation against employees or others who report suspicions of code violations.