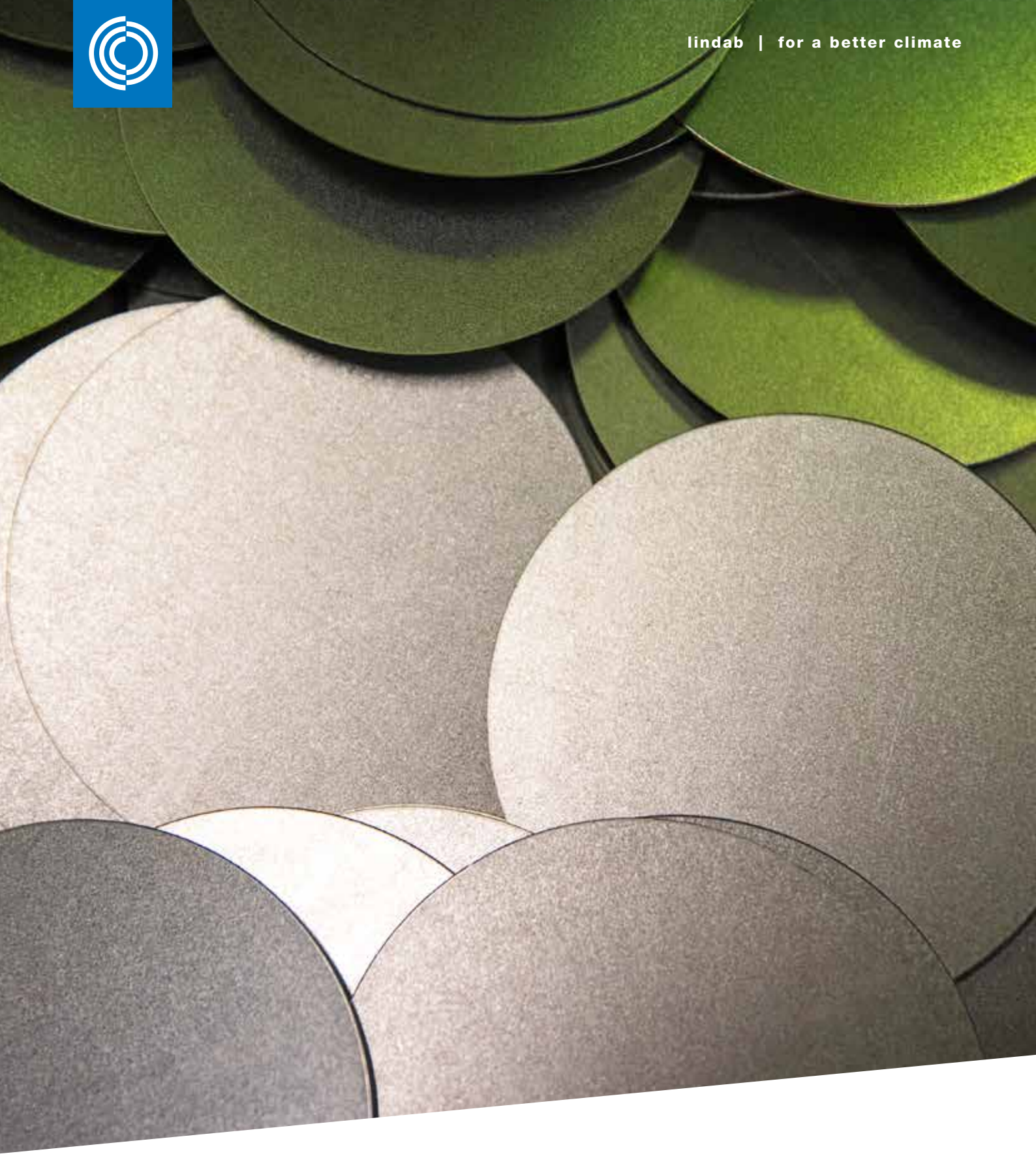


Lindab **Sustainable Sourcing**

The Lindab supply chain should be sustainable in every sense of the word. Being a supplier to Lindab means meeting a set of conditions for quality and sustainability, before being allowed to enter the Lindab supply base.

Lindab®

Why we do it

At Lindab, we not only take responsibility for creating sustainable development of products and services that improve energy efficiency and reduce resource consumption. We also care about all the people who are affected by our activities. Sustainable sourcing is the integration of social, ethical and environmental performance factors into the method of selecting suppliers. Our suppliers play an integral part in our sustainability journey and we can never succeed without our partners and suppliers in the value chain. We invest in our relationships with suppliers who take responsibility for what they do and how they do things. This is what we call Good Thinking.

Complex and global supply chains carry risks and therefore we have set minimum expectations and requirements across a range of areas where risks occurs. Suppliers are rated and classified in two different categories: quality and sustainability. The purpose of supplier evaluation is to make sure that suppliers fulfils the Lindab Supplier Principles. Suppliers are expected to hold their own suppliers accountable for the same high standards.
We expect products and services supplied to Lindab to be of Lindab required quality. Lindab supports and help strategical suppliers to improve their quality, social and environmental performances. Collaboration requires openness, transparency and honesty. We can only reach a sustainable supply chain by working and developing together, while focusing on customer success.

Lindab approved supplier

Being a supplier to Lindab means meeting a set of conditions before being allowed to enter the Lindab supply base. The conditions, the Lindab Supplier Principles, are based on EU regulation, UN global compact, generally accepted norms and international laws. The core aspects addressed are: quality, environment, health and safety, human rights and business ethics. Lindab classifies supplier in three different categories: high risk, medium risk and low risk. The classification is determined depending on how great the risk is that the supplier does not live up to the Lindab Supplier Prinicples. The goal is to have Lindab supplier base consisting of evaluated suppliers with a final classification as low or medium risk. If an existing supplier is classified as high risk after evaluation, immediate action will be required. If a new potential supplier is classified as high risk after evaluation, the results are shared with the supplier and they are asked to improve their performances before any agreements can be made. We believe that behaving responsibly is the only foundation on which we can build a truly sustainable business with our suppliers.

How we do it

To become a Lindab approved supplier you have to pass three steps. The risk level of the supplier's location determines the type of evaluation. The outcome is translated into dedicated plans designed to help our suppliers improve their quality, social and environmental performance.

Step 1
Lindab Supplier Principles

Step 2
Assessment

Step 3
On-site audit

Step 1 - Lindab Supplier Principles

Suppliers must sign the Lindab Supplier Principles or have a similar code of conduct accepted by Lindab. The supplier principles ensure that Lindab's suppliers conduct their business in a manner consistent with all relevant legal requirements and generally accepted norms and high standards of integrity and ethical behaviour. The purpose of the evaluation is to control that the suppliers live up to what they have promised by signing the document.

Approved by Lindab

Step 2 - Assessment

The assessment is a questionnaire that the supplier completes and send back for evaluation. We measure and monitor suppliers performance for the purposes of reducing costs, mitigating risk and driving continuous improvement.

I. Select

The first step in the evaluation is to decide which suppliers are in the scope, looking at both existing and new potential suppliers. Two conditions are evaluated: type of supplier and risk of supplier location. Krajlic method and spend limit is used to determine whether a supplier is in the scope or not. Assessment is to be completed at corporate group level, meaning assessment does not need be carried out for each site as long as the corporate group works according to the same regulations. Deciding which suppliers are in the scope done on an annual basis.

II. Risk based on location

In this step the supplier is classified (low, medium or high risk) for the first time. Classification is based on the location of the supplier. Lindab has carefully analysed the supplier base and Corruption Perceptions Index is used to determined the risk level for each country included. The assessment is adapted to the risk.

III. Assessment

Suppliers in the scope are invited to complete an assessment covering quality, environment, health and safety, human rights and business ethics. The questions are adapted to the classification of the supplier received in step 2. The supplier have three weeks to complete the assessment which will provide sufficient evidence enabling Lindab to perform a validation of predefined criteria.

The result of the assessment provides an updated classification of the supplier.

IV. Corrective action plan

Based on the validation of the assessment a first corrective action plan is initiated in order to help the supplier improve performance and results. The supplier has eight weeks to implement changes or show evidence of plans for implementation, if the result is below acceptance level.

V. Approval

The assessment is finialised if the initial result is above acceptance limit. If result is below, actions according to the corrective action plan needs to be implemented and approved by Lindab so final result can be adjusted. The supplier is approved once the result is above acceptance limit.

Step 3 - On-site audit

For some suppliers an on-site audit is needed before the final classification is set. Lindab uses a third party for on-site audits to get unbiased results. Auditors are well educated and experts in their areas as well as familiar with national regulations and laws. Some steel suppliers are exempt from this requirement, due to higher demands and more surveillance from automotive industries. Lindab has decided to focus more on suppliers where the greatest risk occurs.

I. Select

The first step is to decide which suppliers are in the scope for an on-site audit. Two aspects decide if on-site audit is necessary: risk level of supplier location and result from assessment. Suppliers operating in a high risk country will be audited on-site to ensure compliance with Lindab's minimum requirements and expectations. Other suppliers can be in the scope as well if result from assessment needs to be further investigated or if gaps appear.

II. On-site audit

Chosen suppliers are contacted by Lindab's partner responsible for performing on-site audits. On-site audits are performed for each site located in a high risk country. For sites located in low or medium risk country, the biggest site is audited and depending on the results, more sites may be audited. The audit is devided into two parts; quality and sustainability. The sustainability part cover environment, health and safety, human rights and business ethics. The audit provides evidence enabling Lindab and the auditors to perform a validation of predefined criteria. The result provides the supplier an updated classification.

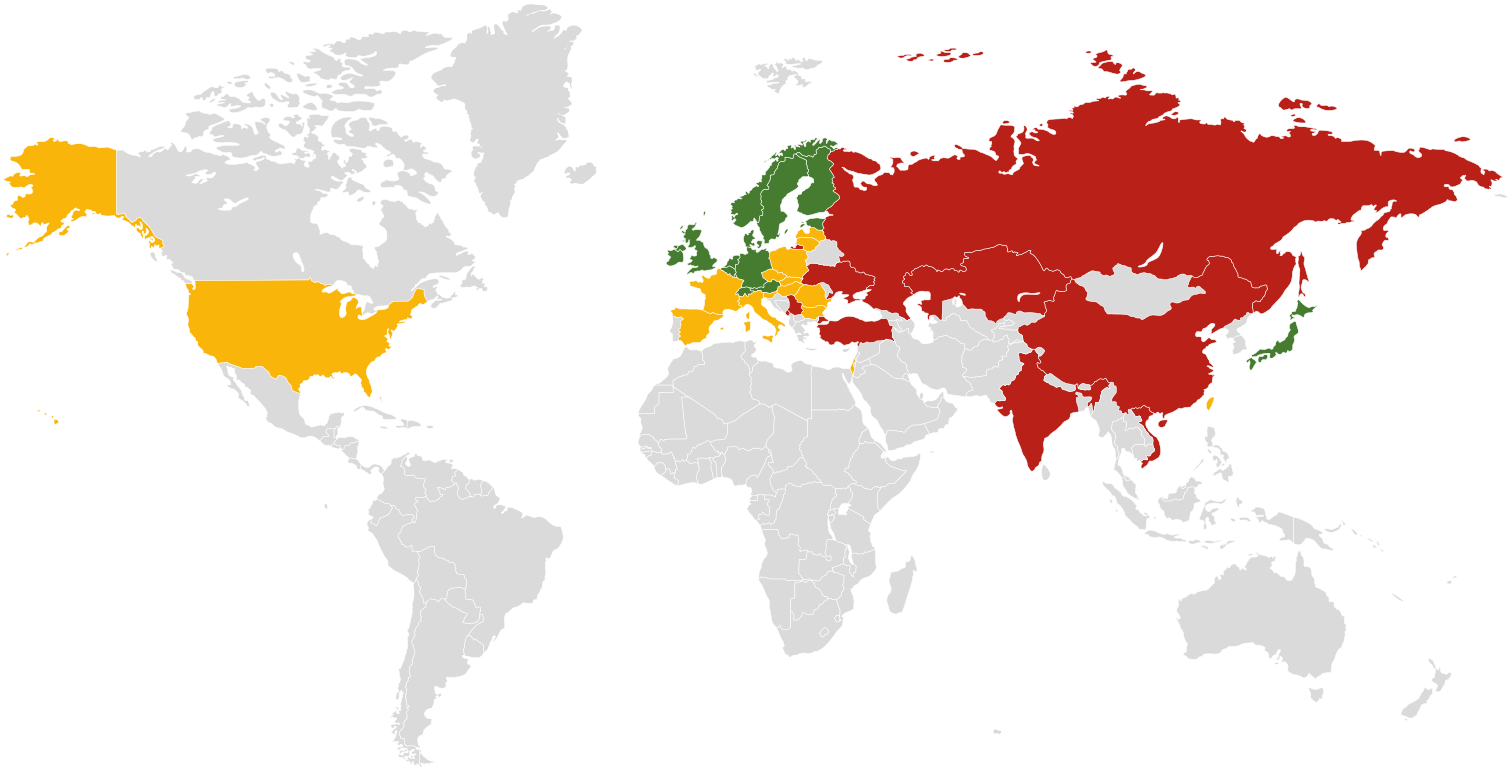
III. Corrective action plan

Based on the result of the audit, a first corrective action plan is initiated in order to guide the supplier to improve their performance and results. This corrective action plan is established and agreed upon by the auditor and the supplier at the closing meeting of the audit. The report from the audit, together with the corrective action plan, is sent to Lindab for approval. The supplier have eight weeks to implement changes or show evidence of plans for implementation, if the result is below acceptance level.

IV. Approval

The audit is finialised if the initial result is above acceptance limit. If result is below, actions according to the corrective action plan needs to be implemented and approved by Lindab so final result can be adjusted. The supplier is approved once the result is above acceptance limit.

Depending on the findings from the audit, a re-audit may be necessary to update the classification.



Countries where Lindab have suppliers that are in the scope for evaluation

Continuous improvement

Sustainability is a natural part of Lindab. We don't want to just be part of the future. We want to help shape it. Therefore, evaluation of suppliers is an ongoing business. After re-evaluation the supplier classification is updated.

The method for re-evaluation of existing suppliers is based on the risk of the supplier's location. Other factors such as high number of claims or other issues can result in a new evaluation, sooner than the intervals indicate to the right.

Risk level of supplier location

Transparency International is a global civil society organization working in over 100 countries to end the injustice of corruption. The Corruption Perceptions Index (CPI) scores and ranks countries/territories based on how corrupt a country's public sector is perceived to be by experts and business executives. It is a composite index, a combination of 13 surveys and assessments of corruption, collected by a variety of reputable institutions. The CPI is the most widely used indicator of corruption worldwide. Lindab uses the CPI to determine the risk level of the suppliers location.

Method for approving new and potential suppliers

To become a Lindab approved supplier you have to pass an evaluation. The risk level of the supplier's location determines the type of evaluation, and what needs to be approved before a supplier is allowed to enter the Lindab supply base. See details to the right.

High risk country

Risk level: CPI score 0-42

Continuous improvement: On-site audit every two years

Approved product quality and approved result from assessment and audit or approved corrective action plan for minor non-conformities.

Medium risk country

Risk level: CPI score 43-69

Continuous improvement: Reassessment every five years

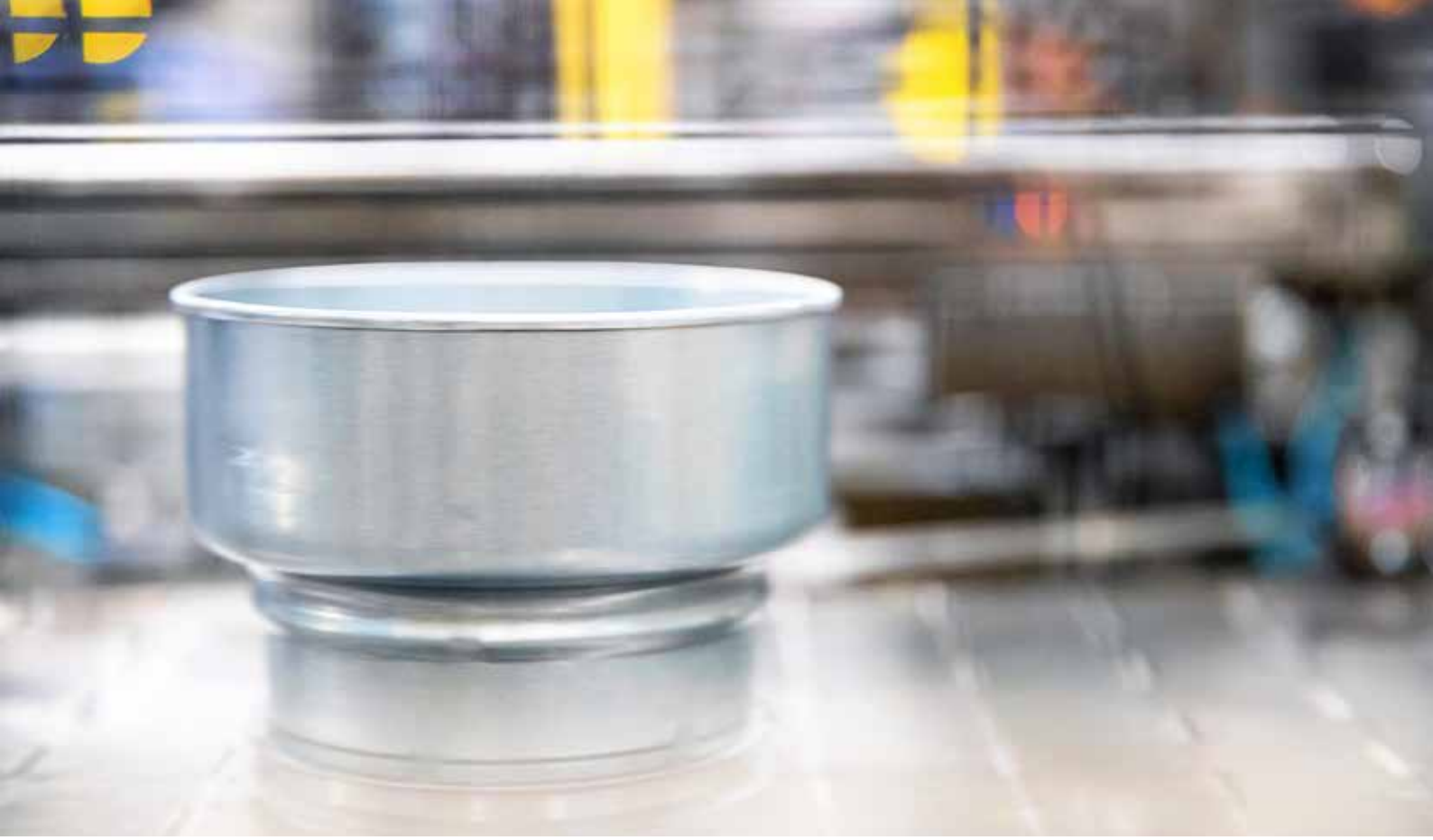
Approved product quality and approved result from assessment or approved corrective action plan for minor non-conformities. If site in high risk country: approved result from audit or approved corrective action plan for minor non-conformities.

Low risk country

Risk level: CPI score 70-100

Continuous improvement: Intervals based on result from assessment

Approved product quality and approved result from assessment or approved corrective action plan for minor non-conformities. If site in high risk country: approved result from audit or approved corrective action plan for minor non-conformities.



Rating system

For audits, all ratings are used to evaluate the suppliers' maturity in the covered areas. In the assessment only level 3, 4 and critical are used to evaluate the answers.

Levels:

1. Major Non-conformity

Based on objective evidence, it is the absence of or a significant failure to, implement and/or maintain conformance to the requirements of the applicable standard. A number of minor non-conformities for a specific requirement can also represent a significant breakdown in the system and thus be considered as a major non-conformity.

2. Minor Non-conformity

A requirement which is partially implemented or documented. Based on the judgment and experience of the auditor, a non-conformity is not likely to result in the significant failure of the management system or reduce the ability to ensure controlled processes or products. It may be a result of either the partial failure of the supplier's management system for a specified requirement or a single observed non-conformance of an item in the management system. An Improvement plan to overcome the non-conformity is made with the supplier.

3. Opportunity For Improvement (OFI)

The management system may be weak, obsolete and complex but according to the auditor, offers an opportunity to improve the current status or the company's management system. The concept of OFI is used by an auditor to make suggestions to help the company improve its quality/management system, at least under the auditor's perspective. An improvement plan can be made with the supplier.

4. Compliant

Requirements are fully documented and implemented and the company adheres to requirements of the applicable standard.

Critical non-conformity

Major or minor non-conformance of very critical issues will be ranked as a Critical non-conformity. An action plan is required within 48 hours with an adequate proposition to solve the issue correctly. Lindab may also act as a whistle-blower to authorities and other companies. No quick fix will be accepted. The Criteria for critical non-conformity are listed below:

- Faking or falsifying company records
- Child and/or forced labour used by the supplier
- Immediate threats to the environment or violations of regulatory requirements
- Immediate threats to workers' health and safety
- Failure to comply with regulatory requirements on workers' salaries and working hours