

AGREEMENT ON RESPONSIBLE BUSINESS CONDUCT

1. PARTIES

Buyer: **Ponsse Plc**, a public limited liability company incorporated in Finland, having registered address at Ponssentie 22, FIN-74200 Vieremä, Finland, business identity code 0934209-0, hereafter referred to as the “**Ponsse**”.

Supplier: _____, a company incorporated in _____, having registered address at _____, business identity code _____, hereafter referred to as the “**Supplier**”.

Ponsse and Supplier may hereinafter be individually referred to as the “**Party**” or jointly referred to as the “**Parties**”, as the context may require.

2. BACKGROUND AND PURPOSE

All new contracts regarding the supply of products, components and / or services to Ponsse require that this Agreement on Responsible Business Conduct (hereinafter “ABC”) is signed by the Parties. Ponsse may also require ABC’s to be signed with its existing contract partners.

The purpose of this ABC is to establish a framework between Ponsse and Supplier to enable the Parties to collaborate in the pursuit of securing responsible business conduct throughout the supply chain involved in the provisioning of products, components and / or services to Ponsse (hereinafter “Supply Chain”).

Ponsse and Supplier shall work collaboratively to promote safe and fair working conditions, and the responsible management of environmental and social issues in the Ponsse Supply Chain.

The principle of continuous improvement applies to all aspects of this ABC.

3. CONDUCT PRINCIPLES

Supplier hereby agrees that it shall carry out its business operations in accordance with the standards and principles set out in this Section 3 of this ABC.

3.1 Relationship with Law

Supplier shall always respect and comply with the local laws and regulations applicable in the country in which it operates. All Supplier’s employees shall acknowledge and comply with the laws and regulations affecting their work duties.

3.2 Human Rights

Supplier shall respect and comply with internationally recognized human rights, including, but not limited to, the rights reflected by the United Nations (UN), Council of Europe (COE) and International Labour Organization (ILO) conventions.

3.3 Labor Standards

Child Labor. Supplier shall ensure that no person is employed who is below the minimum legal age for employment set forth by the International Labor Organization (ILO). Minimum age is the age of completion of compulsory schooling, or not less than 15 years (or not less than 14 years, in countries where educational facilities are insufficiently developed). Young persons under 18 years of age are not employed for any hazardous work, or work that is inconsistent with the personal development of the young person. Where a person under 18 years is employed, the best interests of the such person shall be the primary consideration.

Forced Labor. Supplier may not use any forced, bonded or compulsory labor. Employees of the Supplier are free to leave their employment after reasonable notice. Employees are not required to lodge deposits of money or identity papers with their employer.

Freedom of Association. Supplier supports the right to freedom of association and all Supplier's employees are free to join or not to join trade unions or similar external representative organizations.

Non-Discrimination. Supplier shall treat its employees or job applicants in a non-discriminatory manner with regard to gender, nationality, religion, race, age, disability, sexual orientation, political opinion, union membership, or social or ethnic origin. Supplier shall promote equality in employment and occupation.

Employment Conditions. Employees are treated with respect and dignity. Physical or verbal abuse or other harassment and any threats or other forms of intimidation are prohibited. Working hours of employees comply with national laws and are not excessive. Employees understand their employment conditions and fair and reasonable pay and terms are provided.

Health and Safety. Supplier shall safeguard that a healthy and safe working environment is provided for all employees, in accordance with international standards and national laws and commits to continual improvement. Where Supplier provides accommodation to its employees, the accommodation shall be clean, safe and meet the basic needs of the employees.

3.4 Environmental Responsibility

Supplier shall act in accordance with local and internationally recognized environmental standards and follow applicable environmental laws and practices that protect and sustain the environment. Supplier shall aim to increase the energy efficiency of its operations, reduce waste, and protect the environment. Supplier shall take responsibility of the environmental impact of its products and services throughout their entire life-cycle.

Supplier shall take a precautionary approach towards environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies. Where possible and practical, Supplier shall give preference to ecologically sound supplier products and services.

3.5 Legality of materials and conflict minerals

Supplier ensures that the materials used by Supplier are derived from lawful and ethical sources. Supplier ensures by using reasonable due diligence that it does not exploit in

its operations conflict minerals, such as tin, tantalum, tungsten, gold or their ores originating from conflict-affected and high-risk areas, as defined in Regulation (EU) 2017/821 of the European Parliament and of the Council.

3.6 Bribery / Prohibited Business Practices

Supplier shall comply with applicable laws and regulations concerning bribery, corruption, fraud and any other prohibited business practices. Supplier shall not offer, promise or give any undue advantage, favor or incentive to any public official, international organization or any other third party. This applies regardless of whether the undue advantage is offered directly or through an intermediary.

3.7 Gifts, Hospitality and Expenses (Business Courtesies)

Supplier shall not, directly or indirectly, offer gifts to Ponsse employees or representatives or anyone closely related to these, unless the gift is of modest value. Hospitality, such as social events, meals or entertainments may be offered if there is a business purpose involved, and the cost is kept within reasonable limits. Travel expenses for the individual representing Ponsse shall be paid by Ponsse. Hospitality, expenses or gifts shall not be offered or received in situations of contract negotiation, bidding or award.

3.8 Money Laundering

Supplier shall be firmly opposed to all forms of money laundering and shall take steps to prevent its financial transactions from being used by others to launder money. Supplier shall conduct business only with reputable parties involved in legitimate business activities, with funds derived from legitimate sources.

3.9 Competition and conflicts of interest

Supplier shall under no circumstances cause or be part of any breach of general or special competition regulations, such as illegal cooperation on pricing, illegal market sharing or any other behavior that is in breach of relevant competition laws. Supplier shall avoid situations where there is, can be or appears to be a conflict of interest with Ponsse.

3.10 Business integrity

Supplier shall ensure the financial standing of its operations as well as appropriate risk management, including sufficient insurance coverage.

Supplier shall ensure that its assets are used only for legitimate business purposes and that such assets are protected from loss or unauthorized use.

4. SUPPLY CHAIN

Supplier shall pass through the terms and conditions of this ABC (or corresponding terms) to its own first tier suppliers in the Supply Chain and upon request by Ponsse provide the copies of the respective documentation to Ponsse. As regards the next tiers in the Supply Chain, Supplier shall perform its utmost best efforts to facilitate that all suppliers in the Supply Chain would adopt the terms and conditions of this ABC and/or the principles corresponding to the ones set forth in Section 3 above.

Supplier shall provide Ponsse with a written list of its sub-suppliers that are directly connected with the products, components or services supplied to Ponsse. The list will be delivered to Ponsse upon signing of this ABC and annually thereafter. Direct connection refers to those sub-supplier products, components, or services that Supplier uses to manufacture products and components or to produce services supplied to Ponsse. The list shall include at least the name and the business identity code of the sub-supplier, as well as a description of the purchased products and / or services. In addition, the list must state if Supplier does not have a valid non-disclosure agreement with the sub-supplier.

Supplier shall ensure that the standards and principles set out in Section 3 above are adequately trained and implemented throughout Supplier's own organization.

In the event any sub-supplier of Supplier is found to be in breach of the standards and principles set out in Section 3 above, Supplier agrees to replace such a sub-supplier immediately if the breach is not remediable and without undue delay if the said sub-supplier does not remedy the breach within a reasonable period of time.

5. MONITORING AND AUDIT RIGHTS

Supplier shall effectively monitor the compliance with the standards and principles set forth in Section 3 of this ABC within its own organization and as regards its first tier suppliers in the Supply Chain.

Supplier shall notify Ponsse immediately of any non-conformity as regards the principles and standards set forth in Section 3 above both within its own organization and as regards its first tier suppliers in the Supply Chain.

In case Supplier is certified according to ISO 14001, SA 8000, OHSAS18001, this certification and the documentation of its social accountability management system, environmental policy and other such documentation shall be made available to Ponsse. Supplier's certificate and external audit reports shall be provided after each new audit and certification.

Ponsse may periodically review Supplier's compliance with this ABC. Supplier agrees to provide Ponsse with relevant records on request and Ponsse may reproduce and retain copies of these records. Ponsse, or an independent auditor/expert nominated by Ponsse, may conduct a review of Supplier's compliance with this ABC on Supplier's premises, including on-site inspections and interviews with employees selected by Ponsse and/or the auditor.

6. CONFIDENTIALITY

Each Party shall not disclose to any third party nor use for any purpose other than for the proper fulfilment of the purpose of this ABC and/or any other contract between the Parties any confidential information received from the other Party in whatever form under or in connection with this ABC without the prior written permission of the disclosing Party (hereinafter "Confidential Information"). This includes information which is marked as being confidential or which, from its nature, content or the circumstances in which it is provided, might reasonably be supposed to be confidential.

The above mentioned limitations shall not apply to Confidential Information which:

(a) was rightfully in the possession of the receiving Party prior to disclosure hereunder;
or

(b) was in the public domain at the time of disclosure or later became part of the public domain without breach of any confidentiality obligations owed to the disclosing Party;
or

(c) was disclosed by a third party without breach of any obligation of confidentiality owed to the disclosing Party; or

(d) was independently developed by personnel of the receiving Party without using the Confidential Information.

Affiliates of a Party hereto shall not be deemed to be third parties for purposes of this Section 6 on condition that disclosure of Confidential Information occurs on a need to know basis only and that the respective Party ensures full compliance by such affiliates of all of the provisions of this Section 6 and other provisions of this ABC and provided each Party shall be jointly and severally liable with its respective affiliates in respect of such affiliate's obligations under this Agreement.

The provisions of this Section 6 shall bind the Parties for as long as such Confidential Information does not fall within one of the exceptions contained above in sub-sections (a) to (d) regardless of any earlier termination, expiry or fulfilment of this ABC.

Notwithstanding the above, Ponsse shall, as a part of its public reporting, be entitled to disclose and communicate to the public information regarding the conformity and/or non-conformity with the principles and standards of this ABC throughout the Supply Chain on aggregate level and without revealing the identity of Supplier and/or any sub-supplier.

7. TERM AND TERMINATION

This ABC shall enter into effect once signed by both Parties and shall remain in force and effect as long as there is commercial business activities between the Parties.

Notwithstanding anything to the contrary in other contracts between the Parties, Ponsse shall be entitled to terminate this ABC and any other agreement between the Parties for the provision of goods or services by the Supplier to Ponsse with immediate effect if, Supplier commits a material breach of any terms or conditions of this ABC and does not cure such breach within fourteen (14) days after receiving written notice thereof from Ponsse.

8. GOVERNING LAW AND JURISDICTION

This ABC shall be governed by, construed and interpreted in accordance with the laws of Finland excluding (1) its choice of law provisions and (2) the United Nations' Convention for the International Sale of Goods.

This ABC and especially Section 3 thereof shall, in any event, be interpreted in accordance with the relevant international conventions, including, but not limited to, UN, COE and ILO conventions.

Any disputes arising out of or in connection with this ABC shall primarily be attempted to be settled by the Parties in common negotiations. If the Parties are not able to find an amicable solution within three (3) months from the first written request, then the dispute shall be finally settled in arbitration by one (1) arbitrator in accordance with the Rules of

Arbitration Institute of Finland Chamber of Commerce. If the Parties fail to agree upon the arbitrator, then such arbitrator shall be appointed by the Arbitration Institute of Finland Chamber of Commerce. The arbitration shall take place in Helsinki. The language to be used in the arbitration procedure shall be English. Any award, order or judgment by a Court or arbitrator(s) shall be deemed final and binding on both Parties and may be entered or enforced by any Court of competent jurisdiction.

IN WITNESS WHEREOF, the Parties have caused this ABC to be executed in two (2) identical originals, one (1) for each Party.

PONSSE PLC

Name:

Title:

Date:

Place:

Name:

Title:

Date:

Place:

PONSSE PLC

Name:

Title:

Date:

Place: