

SUPPLIER & PARTNER POLICY

Document number 007
Valid from 2007-09-01



Public

POLICY

Category Company Governance
Edition 1

Responsible officer: Mats Nyblom

Approved by The Board

Page 1 of 4

Introduction

Describes Hector Rail's relation to suppliers and partners.

Target Group

- All staff in Hector Rail
- All stakeholders in Hector Rail

Table of content

Supplier and Partner policy	3
Behaviour	3
Contracts	3
Choice of supplier	3
Validity	4

Supplier and Partner policy

Hector Rail depends on good suppliers. Whilst Hector Rail is a demanding customer, it endeavours to be an attractive one through growth and by always acting responsibly. Suppliers to Hector Rail must support Hector Rail's business conduct and values. The more important suppliers must be informed of Hector Rail's policies and declare their support

Relations with suppliers shall be based on an objective analysis of what is in the company's best interest. In general, Hector Rail believes that the best business is done with companies and people you enjoy working with. Activities that support a positive climate are supported by Hector Rail; however such activities must never be of a kind where personal loyalties or personal benefits compromise objective and sound business decisions.

Hector Rail seeks to develop long term relationships with its suppliers, but this does not prevent Hector Rail from continually looking for more competitive alternatives. Hector Rail expects suppliers to understand Hector Rail's business situation and to have a strong willingness to support Hector Rail in unexpected situations.

Behaviour

Hector Rail's standards of conduct in relation to suppliers and partners includes:

- Being very clear about expectations in the purchase process
- Giving open feedback about experience in deliveries.
- Always being polite and friendly when meeting representatives from suppliers, but being careful not to reveal information about alternative suppliers, Hector Rail or Hector Rail's partners or stakeholders
- Never mixing personal relations with best business opportunities for Hector Rail.
 - Avoiding suppliers or partners where family or personal friendships are involved.
 - Refusing any gifts or personal benefits that are more than negligible in value
- Fulfilling our obligations in due time.
- At all significant meeting with suppliers, the four eye policy (two Hector Rail representatives) is valid.

Contracts

Agreements between Hector Rail and a supplier of significant size must always be documented by a formal contract, defining what is included in the delivery, the quality, etc. plus the cost, divided into instalments where appropriate.

Choice of supplier

Hector Rail chooses suppliers based on what is best from Hector Rail's total business perspective. Hector Rail reserves the right not to explain its choice of supplier. However potential suppliers who

have not been chosen for a contract, but have made a serious and ambitious effort, shall be entitled to a debriefing meeting in which Hector Rail can describe the stronger and weaker aspects of their offers.

When choosing a supplier, the following points will be considered (without excluding other points and in no particular order of priority):

- Compliance with Hector Rail's policies
- Price
- Quality
- Financial strength
- Track record

Validity

This policy is valid until further notice, but shall be reviewed by the Board every calendar year. The Managing Director is responsible for this.