SUPPLIER CODE OF CONDUCT

PREAMBLE

Kadant Johnson LLC, a subsidiary of Kadant Inc. (NYSE:KAI), is a supplier of high-value, critical components and engineered systems used in process industries worldwide. The Company’s products, technologies, and services play an integral role in enhancing process efficiency, optimizing energy utilization, and maximizing productivity in resource-intensive industries.

This Supplier Code of Conduct outlines Kadant Johnson’s supplier expectations. Kadant Johnson expects all its suppliers and subcontractors to share the principles which are expressed in this Supplier Code of Conduct and that comprise an important component of supplier selection and evaluation. Moreover, we expect our suppliers to replicate these standards further down the supply chain.

Each supplier is responsible for communicating the contents of this Supplier Code of Conduct to its officers, directors, employees, agents, subcontractors, and next-tier suppliers who are involved in the procurement and production process related to products and services provided to Kadant Johnson.

If a supplier violates any of the requirements contained in this Supplier Code of Conduct, Kadant Johnson may immediately terminate its relationship with that supplier.

Please direct questions regarding this Supplier Code of Conduct to the Company’s President at the following address:

President
Kadant Johnson LLC
805 Wood Street
Three Rivers, MI 49093 USA

ETHICS

To meet social responsibilities, suppliers are expected to conduct business in an ethical manner and to act with integrity.

Business Integrity

Suppliers will not engage in any corruption, extortion, or embezzlement, in any form. Supplier must comply with applicable anti-corruption laws and regulations of the countries in which they operate, including the U.S. Foreign Corrupt Practices Act and applicable international anti-corruption conventions. Suppliers must avoid all conflicts of interest or situations giving the appearance of a conflict of interest in your dealings with Kadant Johnson employees. Suppliers will not offer or accept bribes or employ other means to
obtain an undue or improper advantage. Suppliers are expected not to offer to Kadant Johnson employees costly gifts or any other kind of personal benefit resulting from the relationships with the suppliers.

**Privacy and Intellectual Property**
Suppliers will safeguard and make only appropriate use of confidential information and ensure that all employees’ and business partners’ privacy and valid intellectual property rights are protected.

**Conflict Minerals**
Suppliers are expected to ensure that products supplied to Kadant Johnson do not contain metals derived from minerals or their derivatives originated from conflict regions that directly or indirectly finance or benefit armed groups. Suppliers are expected to assist Kadant Johnson, upon request, with its compliance initiative.

**LABOR**
Suppliers are expected to protect the human rights of their employees and to treat them with dignity and respect.

**Child Labor Avoidance**
Suppliers must comply with applicable local child labor laws and employ only employees who meet the applicable minimum legal age requirement for their location.

**Freely Chosen Employment**
Forced, bonded, or indentured labor or involuntary prison labor will not be utilized by the suppliers. Suppliers must comply with local laws prohibiting forced or involuntary labor and human trafficking.

**Working Hours, Wages and Benefits**
Suppliers must comply with all applicable local laws and regulations with respect to wage and hour laws, including those related to minimum wages, overtime hours, and other elements of compensation or legally mandated benefits. Unless otherwise provided by local laws, deductions from basic wages as a disciplinary measure will not be permitted (this does not exclude the entitlement of damages on a contractual or legal basis). Suppliers are expected to provide their employees with fair and competitive compensation and benefits.

**Fair Treatment**
Suppliers will provide their employees with a workplace free of harsh and inhumane treatment, without any sexual harassment, sexual abuse, corporal punishment or torture, mental or physical coercion or verbal abuse of employees, or the threat of any such treatment. Suppliers must not discriminate against any worker in their hiring and employment practices based on race, color, religion, disability, national origin, gender, sexual orientation, marital status, age, or any other characteristic protected by local law.
Freedom of Association
Suppliers will be committed to an open and constructive dialogue with their employees and workers’ representatives. In accordance with local laws, suppliers will respect the rights of their employees to associate freely, join labor unions, seek representation, join works councils, and engage in collective bargaining. Suppliers will not disadvantage employees who act as workers’ representatives.

Identification of Concerns
Suppliers will provide means for their employees to report concerns or potentially unlawful activities in the workplace. Any report should be treated in a confidential manner. Suppliers will investigate such reports and take corrective action if needed.

HEALTH, SAFETY, ENVIRONMENTAL AND PROTECTION
Suppliers are expected to provide a safe and healthy working environment, and, if applicable, safe and healthy company living quarters, and to operate in an environmentally responsible and efficient manner.

Health, Safety, Environmental and Quality Regulations
Suppliers must comply with all applicable quality, health, safety, and environmental regulations in the countries in which they operate. All required permits, licenses, and registrations will be obtained, maintained, and kept up-to-date; and suppliers will fulfill their operational and reporting requirements.

Process and Product Safety
Suppliers will have safety programs in place for managing and maintaining all their production processes in accordance with the applicable safety standards. Safety data sheets containing all necessary safety-relevant information will be made available by suppliers for all hazardous substances and will be provided to Kadant Johnson and other parties in case of a legitimate need.

Security
Suppliers will have good security practices across their supply chains. Suppliers will maintain processes and standards that are designed to assure the integrity of each shipment to Kadant Johnson from its origin through to its destination and all points in between. Suppliers are expected to implement the necessary and appropriate measures in their area of responsibility to ensure Kadant products, their workable components or raw materials, and the corresponding know-how do not end up in the hands of counterfeiters or third parties and do not leave the legal supply chain.

MANAGEMENT SYSTEMS
Suppliers are expected to implement management systems to facilitate compliance with all applicable laws and to promote continuous improvement with respect to the expectations in this Supplier Code of Conduct.
Compliance with Laws and Regulations
Suppliers must comply with all laws, regulations, rules, guidelines, and applicable standards for their business in the countries where they do business.

Risk Management
Suppliers are expected to implement mechanisms to identify, determine, and manage risks in all areas addressed by this Supplier Code of Conduct and with respect to all applicable legal requirements.

Audits and Assessments
Suppliers will perform periodic evaluations of their facilities and operations, and the facilities and operations of their subcontractors and next-tier suppliers to ensure compliance with this Supplier Code of Conduct and the law. Suppliers will permit Kadant Johnson and/or a third party designated by Kadant Johnson to periodically evaluate Suppliers' facilities and operations, and those of their subcontractors and next-tier suppliers, to the extent they are providing goods or services to Kadant Johnson, for Kadant Johnson's benefit, or for use in Kadant Johnson products.

Training and Competency
Suppliers will establish appropriate training measures to allow their employees to gain an appropriate level of knowledge and understanding of the contents of this Supplier Code of Conduct, the applicable laws and regulations and generally recognized standards.

Continuous Improvement
Suppliers are expected to continuously improve their performance and sustainability by implementing appropriate measures to create value and mitigate risk.

Effective: January 2, 2017