

ETHICS AND COMPLIANCE HOTLINE

All Kadant employees, no matter where they are located in the world, are expected to follow the Company's Code of Business Conduct and Ethics and to comply with the laws applicable to the conduct of our business. Sometimes you may be unsure about the interpretation of applicable laws, need advice about the appropriate course of action in a particular situation or observe behavior that is inconsistent with our core values and standards. We encourage our employees to speak up, raise concerns and seek advice in these circumstances, and we provide several different channels of communication to address your concern or question. No matter how you choose to communicate, you may do so without fear of retaliation if you are acting in good faith with a bona fide concern.

We believe in the importance of relying on good corporate governance principles in the operation of our global businesses. We wish to facilitate transparency, encourage the use of sound financial and accounting practices and discourage illegal acts such as fraud and bribery. For these reasons, we have an Ethics and Compliance Hotline, which provides a procedure enabling our employees to report irregularities and questionable accounting or auditing practices to our most senior management and our board of directors. However, the reporting procedures we have implemented are not intended to interfere with or limit any rights employees may have under applicable local laws.

How can you speak up, raise concerns and seek guidance?

We encourage employees to speak up and raise concerns about conditions they observe in the workplace or questions that may arise in the course of their work, including questions concerning the application of our Code of Business Conduct and Ethics. It is normal to have questions or need guidance in the ordinary course of business, and we believe most questions can be addressed by speaking to your immediate supervisor or your subsidiary management, including your human resources manager, finance manager or subsidiary president. We encourage you to follow the procedures in your subsidiary's work rules or employee handbook whenever possible.

When should you use our Ethics and Compliance Hotline?

You may feel uncomfortable raising your concern using your subsidiary's normal channels of communication for any number of reasons. We maintain an Ethics and Compliance Hotline so that you can report your concerns directly to senior management and/or our board of directors. You are encouraged to use the Company's Ethics and Compliance Hotline when:

- You observe activity that you believe violates applicable law and our Code of Business Conduct and Ethics in the following areas:
 - Fraud or misconduct in the areas of accounting, internal accounting controls, and financial reporting;
 - Questionable accounting or auditing matters;
 - Bribery or other criminal activity; or
 - Insider trading
- You are uncomfortable using your subsidiary's normal channels of communication; or
- You are afraid of retaliation if you report; or
- You've used other channels to raise concerns but found them to be ineffective in resolving the issue; or
- You want to report a concern anonymously.

How do you report a concern or violation using our Ethics and Compliance Hotline?

You can report your concern directly to our Ethics and Compliance Hotline through any of the following ways:

- **By telephone or internet to our third-party hotline service:** Click or type into your browser the following link to access toll-free phone numbers or to submit a report online to our third-party hotline service:

https://irdirect.net/KAI/whistleblower_iframe

You may also access the third party hotline service directly from our website at www.kadant.com in the Investors section, under the heading Corporate Governance.

- **Write, email or telephone our general counsel** at:

Kadant Inc. - Confidential
Attn: General Counsel
1 Technology Park Drive
Westford, MA 01886
Telephone: 1-978-776-2013
Email: sandra.lambert@kadant.com

- **Write our Audit Committee** at

Kadant Inc. - Confidential
Attn: Chairman, Audit Committee
c/o Corporate Secretary
1 Technology Park Drive
Westford, MA 01886

What happens when you use our Ethics and Compliance Hotline?

When you use our Ethics and Compliance Hotline, you will be asked to describe or explain the situation you are concerned about as completely as possible. Please be prepared to provide dates, names, facilities or departments involved and the nature of the activity or conduct that concerns you, and to provide any documents that support your report. A more complete description or explanation aids us in investigating and resolving the issue or concern. It is also helpful to provide the names of other employees who may have observed the conduct or activity.

In most cases, your concern or report will be forwarded to appropriate personnel within Kadant to look into your inquiry, attempt to verify the information, evaluate the merits, determine the nature and scope of any investigation, and recommend and take appropriate action, if any.

Reports involving questionable accounting, financial reporting or auditing matters, will be forwarded directly to the general counsel of Kadant Inc. and the Chairman of the Audit Committee of the Board of Directors of Kadant Inc., who will investigate your report and determine appropriate follow-up action.

Will your inquiry be treated confidentially?

In reporting your concern, you may identify yourself or you may choose to remain anonymous. Your identity and report will be treated confidentially to the extent it is legally permissible. Providing your name allows us to contact you if we need more information and also helps us in our efforts to ensure that there will be no retaliation against you for making a report in good faith.

We will make every effort to protect the confidentiality and anonymity of an employee who makes a report to the extent possible under applicable law, consistent with the need to conduct an adequate review and investigation of your report.

Will the results of our investigation be disclosed?

Your complaint and our investigation will not be made public unless required by applicable law or regulations or pursuant to a Company policy in place at the time. You may not be told the results of the investigation even though the Company takes follow up actions, if any, as it deems necessary or appropriate to address the substance of your concern or report.

Will you face retaliation for making a report?

We prohibit retaliation against anyone who, in good faith, reports a concern or participates in an investigation by the Company, even if the allegation ultimately is not substantiated. We will not discipline, discriminate or retaliate against any employee with respect to his or her employment who reports a concern in good faith.

We will abide by all laws that prohibit retaliation against employees who genuinely and in good faith submit a report under these procedures. If you believe that you have been subject to retaliation because you made a report, you are encouraged to contact our Ethics and Compliance Hotline or the Company's general counsel immediately. Reporting in good faith means a genuine belief that the Code or applicable law has been violated, even if an actual violation cannot be later verified. Filing a report to retaliate against another individual, gain an advantage in a personal conflict, or to harass or intimidate does not constitute reporting honestly or in good faith. Making allegations maliciously or that you know to be false can itself be a violation of the Code.

What if you engage in wrongful conduct?

We encourage you to self-report your own improper conduct. However, our policy against retaliation does not mean you are exempt from the consequences of your own wrong-doing. Depending on the specific circumstances, we may treat self-reporting and your cooperation in an investigation as a mitigating factor when assessing disciplinary measures in response to improper conduct. Certain misconduct may require us to refer the matter to the appropriate governmental or regulatory authorities for investigation or prosecution.

What if you have further questions?

Please contact our general counsel using the contact information provided above.

Notice: This Ethics and Compliance Hotline Policy does not create a binding agreement between the Company and any employee, director or officer, or any other person or entity. This Ethics and Compliance Hotline Policy (as well as all other policies that the Company may adopt from time to time) may be amended unilaterally by the Company at any time.

Effective date: December 2016
Supercedes: November 2015