

HydraSpecma Supplier Code of Conduct Policy

Scope of application (Introduction)

At HydraSpecma Group, our core values *Integrity, Business Acumen, Be Relevant, Flexible, Sustainable* are the foundation and the guidelines for the way that we do business, and function as a value base for our employees as to how they should conduct day-to-day business.

We are dedicated to being a responsible employer and a good corporate citizen. The Code of Conduct represents our core values and reflects our continued commitment to ethical business practices and regulatory compliance. We are aware that our responsibility goes beyond our own activities, and we take a responsible approach throughout the entire supply chain. Our continued commitment to ethical business practices, as well as social and environmental responsibilities, is in line with the ten principles of the UN Global Compact and based on core ILO conventions and internationally accepted frameworks from OECD, thus, we are in compliance with applicable local legislation and law where we operate. We expect our suppliers and business partners to share this commitment and sign our Code of Conduct when engaging in business activities with HydraSpecma.

The Code of Conduct applies to all suppliers, contractors, and business partners (hereafter the 'Supplier') of the HydraSpecma Group worldwide. The purpose of this Code of Conduct is to ensure that our suppliers understand how we see responsible business practice, and to set forth our expectations to our suppliers.

We expect our suppliers to be able to demonstrate compliance with all EU and internal legislation that applies to your business operation.

HydraSpecma requires our suppliers to ensure that their suppliers follow and comply with this Supplier Code of Conduct, and fully understand the content and obligations set forth. This includes, without limitation, responsibility for communicating its content to relevant parties, why the Supplier must offer assistance and training when required to fulfill the set obligations.

We thank you for your commitment to our Code of Conduct.
- Morten Kjær, Chief Executive Officer

Roles and responsibility

Our Supplier Code of Conduct Policy applies to all prospective and current suppliers of the company and stakeholders of relevance.

Policy Authorized	Policy Owner	Last review	Next review
Morten Kjær Group CEO	Markus Wallin Chief of Operations	15/05 - 2024	15/05 - 2025

	
Morten Kjær Group CEO	Markus Wallin COO

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HydraSpecma Supplier Code of Conduct Principles

Employees in the supply chain

At HydraSpecma, our employees form the basis of our success. We are committed to provide a motivating and inspiring work environment for our employees. Likewise, we expect our suppliers to focus on their employee's well-being and provide a work environment with proper terms of employment.

Respect and dignity

At HydraSpecma, we welcome diversity and value individual differences. Discrimination of any form is not tolerated, which includes discrimination based on sex, race, color of skin, religion and beliefs, political opinion, sexual orientation, age, handicap, or national, social and/or ethnic origin. Likewise, we expect our business partners and suppliers to treat employees fairly without discrimination. Employees must have equal opportunities and treatment in employment and when hiring new employees.

HydraSpecma expect suppliers to respect the rights of local communities and poorly protected groups, that is indigenous people, and take into consideration the impact of their operations on the human rights of these communities.

HydraSpecma expect suppliers to treat all employees in compliance with applicable international, national, and local regulation and legislation, and allow all employees a life in dignity.

Working environment

At HydraSpecma, we expect our suppliers to treat employees within the applicable national or local laws as well as industry practice and collective bargaining agreements regarding employment.

We, at HydraSpecma, expect our suppliers' working conditions, hours, rest periods, leave and wages should be in accordance with local regulations and industry practice, and should be at a level that enables a decent living standard according to local conditions.

Wages may not be withheld as a disciplinary sanction. Any deductions from wages should be transparent and clearly stated on pay-slip.

Right to privacy

We, at HydraSpecma, expect our suppliers to respect employees right to privacy when gathering and keeping personal information or in the event of monitoring employees.

Freedom of association and collective bargaining

We, at HydraSpecma, expect our suppliers to respect employees right to organize themselves and negotiate collective wage agreements. We expect our suppliers to ensure that employees have the freedom of association and the right to collective bargaining consistent with applicable laws.

HydraSpecma material Code of Conduct compliance areas

Human and Labor Rights

HydraSpecma Group is committed to upholding the fundamental rights of workers in the supply chain, in line with internationally agreed human rights and labor rights conventions.

International standards and principles

It is important for HydraSpecma that all people related to our business are treated with respect and dignity. We, at HydraSpecma Group, expect suppliers to respect and comply with international labor standards as defined by core conventions of the international Bill of Human Rights and the International Labor Organization's (ILO), and commits to respecting the UN Guiding Principles on Business and Human Rights.

Forced labor and human trafficking

We, at HydraSpecma, have zero tolerance towards any form of forced labor and modern slavery. We expect our suppliers to adhere to all applicable anti-modern slavery and human trafficking laws and regulations, to ensure that modern slavery and human trafficking does not occur within our business or supply chain.

HydraSpecma will not conduct business with suppliers that are associated with any form of bonded labor, forced labor, labor with a fear of punishment or any form of human trafficking. Employees must work at their own free will and employees must have the right to terminate their employment at a reasonable notice.

Child labor

We, at HydraSpecma, will not conduct business with suppliers that are associated with any form of child labor. Every child is to be protected from economic exploitation and from carrying out work that can be considered to have a negative effect on the child's education or harmful to the child's health or development. If child labor is detected by HydraSpecma, we will require that the Supplier shall act in the best interest of the child.

We, at HydraSpecma, have zero tolerance towards any form of child labor. Suppliers must not employ anyone who is under the age of 15 or who is subject to compulsory school attendance. However, in countries where permitted by local laws, children between 13 and 15 of age may perform a few hours of light work (simple, limited tasks under adequate adult supervision) or may work as part of an educational program or during school holidays. Such employment must not affect the child's primary education or imply a risk to its health or physical/psychological development. Children and young persons under the age of 18 may not be engaged in night work or work under conditions which compromise their health, safety, or moral integrity and/or which harm their physical, mental, spiritual, moral, or social development.

Health and Safety

At HydraSpecma, health and safety are a key priority. We, at HydraSpecma expect suppliers to provide a safe and healthy working environment for all employees and stakeholders of relevance.

We, at HydraSpecma expect our suppliers to comply with occupational health and safety regulations, or with international standards where local legislation may be weak or poorly enforced.

We, at HydraSpecma, expect suppliers to provide a healthy and safe working environment for all employees, follow all applicable local laws and regulations and take effective measures to identify hazards and risks associated with their operational activities, to place appropriate control measures to prevent accidents and injury to health of their employees.

We, at HydraSpecma, expect suppliers to continuously improve working conditions and reduce workplace related risks and hazards by e.g. having a health and safety management system in place, ensuring management responsibilities, providing necessary safety training and equipment to employees, setting targets, and conducting training.

We, at HydraSpecma, expect supplier to ensure that systems are in place to develop, implement, and monitor health and safety procedures appropriate to business activities.

We, at HydraSpecma, expect suppliers to provide their employees with workplace conditions and equipment for personal protective, as well as adequate information on when and how the equipment shall be used.

We, at HydraSpecma, expect supplier to ensure that their products do not compromise the health and safety of the product user (consumer) when used in accordance with product specifications.

We, at HydraSpecma, expect that when suppliers deliver goods at HydraSpecma locations, HydraSpecma's safety rules must always be followed. It is the responsibility of the supplier to become familiar with our, HydraSpecma, safety rules before carrying out task at our operational sites.

We, at HydraSpecma, expect suppliers to inform HydraSpecma of any incidents or non-conformities occurring on or around our premises.

Environment and Climate

We, at HydraSpecma, acknowledge the global challenges and environmental disturbances which ravages the earth, and our share in the long-time emergence of the problematics. Why we, at HydraSpecma, strive to take responsibility for our environmental and climate impacts throughout our value chain, and wish to prevent and control potential risks we endure the environment.

HydraSpecma's goal is to provide long-term and sustainable responsible solutions to the market, our customers and society by phasing out fossil fuels related to our business activities, why we wish to collaborate with supplier to share and achieve these ambitions through transparent processes and knowledge sharing.

We, at HydraSpecma, expect that our suppliers have a written environmental statement or policy, which correspond to the size of their operation.

We, at HydraSpecma, encourages our suppliers to carry out operations with care for the environment and to strive to minimize adverse impacts on the environment, by establishing emission-reduction targets, and monitor and report on performance against those targets.

We, at HydraSpecma, encourages our suppliers to monitor and continuously strive to improve environmental performance, by having an environmental management system in place, preferably one that is certified an accordance with ISO 14001 or equivalent applicable standards.

We, at HydraSpecma, expect suppliers to comply with local environmental regulation and maintain the necessary registrations, permits and licenses.

We, at HydraSpecma, expect suppliers to handle air emissions and appropriately handle waste, attempt to minimize waste and to reuse and recycle resources and materials.

We, at HydraSpecma, encourage our suppliers to take environmental issues into account, such as resource efficiency and carbon emissions, when contracting with sub-suppliers.

We, at HydraSpecma, are committed to reducing our greenhouse gas emissions throughout our supply chain and commit ourselves to Science Based Targets (SBTi). If requested by HydraSpecma, suppliers are encouraged to support the provision of relevant environmental performance.

Business Ethics

At HydraSpecma, we maintain adequate procedures to ensure high ethical standards, that are in compliance with the law and our core business values. We ensure that our employees are educated and informed accordingly, to prevent any misconducts.

Laws and regulations

We, at HydraSpecma, expect our suppliers to comply with all applicable local and national requirements, regulations, and laws of the country in which they have operational activities and provide products or services. This includes compliance with all applicable sanctions and export controls.

Confidential information and supplier data protection

We, at HydraSpecma, priority to protect and handle personal data in accordance with applicable laws and regulations. Likewise, we expect our supplier to keep all confidential and proprietary information in strict confidence, except when authorized or legally required to disclose information and data.

We, at HydraSpecma, expect our suppliers to comply with applicable data protection legislation and implement accepted security standards to ensure compliance. Suppliers must protect all personal information and data received from HydraSpecma in accordance with recognized security practices, legislations, and regulations.

Anti-bribery and -corruption

HydraSpecma has zero-tolerance towards all kinds of bribery and corruption, regardless of local laws and practices and expect our suppliers to follow the same level of standard.

We, at HydraSpecma, expect our suppliers to not engaging in any form of corrupt practices, including bribery and facilitation payment, whether direct or indirect. This means that a supplier must never, directly or through intermediaries, accept or offer bribes (bribes are defined as gifts,

money or similar). Suppliers shall also refrain from offering expensive gifts or extravagant entertainment to HydraSpecma in an attempt to influence our business decisions.

We, at HydraSpecma, expect our suppliers to maintain adequate procedures for preventing employees, suppliers etc. from undertaking any illegal behavior regarding corruption.

Fair competition

We, at HydraSpecma, expect our suppliers to act in compliance with national and international competition legislation and regulation. We, at HydraSpecma, expect our suppliers to behave fairly in competition and observe the applicable legal provisions that safeguard free competition. Thus, our suppliers should not make agreements or concerted practices with other companies aimed at or resulting in the prevention, restriction, or distortion of competition. We expect that our suppliers do not abuse any dominant position on the market in an unlawful manner.

Conflict of interest

We, at HydraSpecma, expect our suppliers to notify without delay of any condition which could be or could be perceived as a conflict of interest. A conflict of interest arises when two or more interests are in conflict, i.e. a personal interest conflicting with the company's interests. Suppliers are expected to avoid situations where existing or potential business relationships may appear to compromise their responsibilities or ability to make sound business decisions in accordance with their contractual commitments to HydraSpecma.

Sustainable procurement practices

We, at HydraSpecma, provide a variety of product solutions, which require extensive material sourcing with high quality for long-lasting products. We therefore make a virtue of choosing the right materials and supplier, for creating the best products on the market. Beside quality, we value our suppliers based on ethical, social, and environmental performance and legislative compliance. We therefore encourage our suppliers to go beyond legal compliance and continuously seek to improve ethical, social, and environmental performance.

We, at HydraSpecma, expect our suppliers to comply with existing legal requirements concerning the mining of raw materials in conflict and high-risk territories, concerning 'conflict minerals' according to EU legislation. The classification 'conflict minerals' includes, independently of their geographical origin, the minerals cassiterite, coltan, wolframite, and their derivatives tin, tantalum, tungsten, and gold (3TG). We expect our supplier to comply with all relevant and applicable regulation, including regulation related to conflict minerals and environmental requirements such as REACH (Registration, Evaluation and Authorization of Chemicals) and RoHS (Restriction of Hazardous Substances). We expect our suppliers to inform if products provided contain any substances of concern or very high concern, which must be declared according to the REACH and RoHS Directive, as well as declare country of origin and processing facility.

We, at HydraSpecma, expect suppliers to ensure that all employees have access to necessary safety and protection equipment and document that themselves and their sub-suppliers comply to ILO convention no. 182 regarding child labor.

Product Quality and Transparency

We, at HydraSpecma, develop and deliver high quality products within all our business areas, that meet our customers' high product quality expectations. We therefore expect our suppliers to have a quality system to meet HydraSpecma's product quality requirements.

We, at HydraSpecma, expect that suppliers can ensure that the products they have supplied are safe when put to their intended use. Suppliers are expected to comply with national and applicable international legislation and law concerning the safety, quality, and documentation of the products delivered.

We encourage and expect our supplier to inform HydraSpecma immediately if any non-compliance with the standards listed in this supplier code of code is identified. This includes if the suppliers learn or identify of anything that may indicate a quality, safety or labelling problem affecting the supplied product or anything that could cause the supplier to breach its agreement. This must be communicated to the supplier's main contact or our whistleblower system ([Link](#)).

We, at HydraSpecma, expect our suppliers to communicate the requirements in this supplier code of code is identified to all sub-suppliers of relevant to the products delivered to HydraSpecma.

Export control and economic sanctions

We, at HydraSpecma, expect our suppliers to ensure all exported goods, technologies, and services comply with the export control laws and regulations of their respective countries and the destination for delivery. Suppliers are responsible for obtaining necessary export licenses or other official authorizations required before the exportation or re-exportation of goods, technologies, or services.

HydraSpecma expect suppliers to adhere to all economic sanctions and trade embargoes issued by the United Nations, European Union, United States, and other relevant jurisdictions and international organizations. Suppliers must not engage in any business activities with entities or individuals that are sanctioned or identified on any denied-party or restricted-party lists. Thus, suppliers are expected to conduct appropriate due diligence on their own supply chains to ensure compliance with export controls and economic sanctions. HydraSpecma encourages suppliers to implement processes for identifying and mitigating risks related to illegal diversion, transshipment, or re-exportation of goods, technologies, and services that may be subject to restrictions.

Monitoring compliance

HydraSpecma requires that our suppliers comply with the expectations laid out in the Code of Conduct. Moreover, all suppliers must always, as a minimum comply with local laws and regulations in their countries of operation. We encourage our suppliers to go beyond legal compliance and continuously seek to improve ethical, social, and environmental performance.

HydraSpecma reserves the right to audit suppliers and their facilities to ensure compliance with HydraSpecma's Code of Conduct. In order to verify suppliers' compliance with the Code of Conduct, our suppliers shall be prepared to provide HydraSpecma with access to relevant and reasonably requested information and documentation during an audit.

In case the supplier fails to comply with the terms of this supplier Code of Conduct, HydraSpecma has the exclusive right to require improvements by the supplier in related matters. If improvements are not made within a HydraSpecma established time period, HydraSpecma has the exclusive

authority to terminate its contract and business with the supplier.

Whistleblower system

We, at HydraSpecma, encourage all stakeholders to speak up about any misconduct, such as business crimes, human rights violation or clear and serious violations of internal guidelines and policies of HydraSpecma and report it to our whistleblower hotline. The Whistleblower hotline is an internet-based reporting tool hosted by a third party, EQS group A/S (Got Ethics A/S). All information is kept strictly confidential, and all concerns can be raised without fear of retaliation.

[LINK TO HYDRASPECMA WHISTLEBLOWER SYSTEM](#)

All reports made via the whistleblower hotline will initially be received by two senior persons within the Schouw & Co. Legal & Compliance function, one of them being an executive member of the management and the other being the General Counsel of Schouw & Co. ("Legal & Compliance"). Legal & Compliance reviews all incoming reports, and distribute them to HydraSpecma for further and correct processing on-site.

HydraSpecma encourage all suppliers to establish their own Whistleblower system which allow stakeholders to report any misconduct either anonymously or via a format which protect the whistleblower from any kind of retaliation. If the supplier do not have their own Whistleblower system in place, HydraSpecma expect the supplier to secure awareness of HydraSpecma Whistleblower hotline among the suppliers employees.

Markus Wallin
Chief of Operations
HydraSpecma