

**About this report**

This joint report is made by HANSA-FLEX AG ('the controlling entity'), and HANSA-FLEX Hydraulics Canada Inc., its subsidiary, pursuant to **11(2) of the *Fighting Against Forced Labour and Child Labour in Supply Chain Act (Canada)*** and covers the fiscal year 2023.

As an international company, represented in 40 countries across the world, we are highly aware of our role and responsibilities. We aim to promote responsible business practices, with support and respect to the protection of human rights, both within our company and when dealing with business partners throughout the supply chain. We do not tolerate forced labour or child labour. We are committed to the effective principles as demonstrated strongly in our Code of Conduct.

**The steps the entity has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity:**

During the fiscal year 2023, HANSA-FLEX AG introduced a policy statement on the *German Supply Chain Due Diligence Act (LkSG)*. This policy contains regulations on how HANSA-FLEX AG aims to contribute to the respect of human rights and the environment within its own company and along the supply chain.

The LkSG legislation requires a complaint management system to be in place. To detect any violations within the supply chain, HANSA-FLEX AG has integrated an online complaints portal on the company website, publicly accessible.

In addition, HANSA-FLEX AG introduced an internal monitoring tool, which is centrally managed, and can be used company-wide, including by its subsidiaries. This way, subsidiaries of the HANSA-FLEX Group, are an integrated part of the solution.

**Our structure, activities, supply chains:****Our structure and activities**

**HANSA-FLEX AG** is a family-owned industrial company with its headquarters located in Bremen, Germany. Founded in 1962, HANSA-FLEX today, is one of the world's leading suppliers of products, services, and holistic solutions for hydraulics. HANSA-FLEX employed approx. over 5,100 employees at more than 464 locations, with a consolidated turnover of 638M€ (approx. CAD 871M) worldwide.

HANSA-FLEX offers a 360° fluid technology service for the planning, operation, and optimisation of mobile and stationary hydraulic systems. With an extensive product range that complements the comprehensive service portfolio, HANSA-FLEX is keeping customer's machines in motion with high quality standards. This is why approximately 150,000 clients worldwide benefit from HANSA-FLEX services.

**HANSA-FLEX is partner to many essential industries:**

Energy, Construction, Waste & Disposal & Recycling, Chemical & Pharmaceutical, Mining & Tunnel Construction, Agriculture & Forestry, Plant & Mechanical Engineering, Food Industry, Rail Transport, Metal, plastics, glass, and paper, Marine.

**HANSA-FLEX business operations include 360° fluid technology service:**

Planning and technical conception, Product development, manufacturing, Spare parts supply online and over the service counter, Production of hose lines and hose management, OEM equipment, series production, production facilities, Repairs, service and maintenance for mobile and stationary hydraulics, Installation services, Training, technical consulting, quality assurance, Logistics & services.

**HANSA-FLEX subsidiary in Canada**

HANSA-FLEX Hydraulics Canada Inc., incorporated under the *Canada Business Corporations Act*, the Canadian subsidiary of HANSA-FLEX AG, has its headquarters located in Concord, Ontario. HANSA-FLEX Canada proudly stands as a subsidiary within the esteemed HANSA-FLEX AG Group, a distinguished leader in global fluid power solutions. We are driven by a commitment to delivering tailored products and services to address the distinctive requirements of our clientele. Established in 2004, HANSA-FLEX Hydraulics Canada Inc. offers a range of products as part of the 360° fluid technology service, with a workforce of under 20 employees at the Canadian location.

**Our supply chains**

All our suppliers play an important role in our ability to function well as an international company. Our expectations from our suppliers are high and the HANSA-FLEX Code of Conduct forms the basis of the overall business relationship.

A large part of products and goods are supplied directly within the company, which ensures overview of processes and conditions. Products are mainly sourced from the European union, European countries, Asia, and Southeast Asia

**HANSA-FLEX AG**

The purchasing operations are centrally organised. The cornerstones of this centralised approach are:

- Global responsibility for material field purchasing and clear responsibility for suppliers.
- Structuring according to product groups.
- Long-term cooperation with our suppliers.
- Optimisation of the supply chain with a focus on quality and logistics, among other factors.



Supplier performance is monitored by the headquarters and topics include:

- Company profile and information
- Environmental protection
- Human Rights & Labour
- Anti-Bribery & Anti-Corruption
- Health & Safety
- Supply Chain Responsibility

#### **HANSA-FLEX Hydraulics Canada Inc.**

We import, produce, sell goods in Canada and elsewhere. Most of the procurement comes from HANSA-FLEX AG. Goods procured are sourced internationally, from countries in Europe, SEA, and Asia. Other procurement from suppliers located in Canada and the United States. Sourced goods could include countries such as Canada, United States and Asia region.

The selection of suppliers is based on local and international reputation, quality, and trustworthiness. In addition, the suppliers are selected according to reliability and service. Suppliers are centrally managed, and any independently selected suppliers can be monitored for their overall performance and business practices by headquarters.

#### **Our policies and due diligence processes in relation to forced labour and child labour:**

The foundation of HANSA-FLEX policies and due diligence processes adhere to international human rights and environmental standards as outlined by the International Labour Organization and UN conventions:

- International Covenant on Civil and Political Rights of the United Nations
- International Covenant on Economic, Social and Cultural Rights of the UN
- Core labour and social standards of the International Labour Organization
- Minamata Convention on Mercury
- Stockholm Convention on Persistent Organic Pollutants
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal

#### **HANSA-FLEX Code of Conduct & Mission Statement**

As a multinational company, we have high awareness of the laws and regulations in the legislations that we operate in. Not only does the HANSA-FLEX Code of Conduct & Mission Statement emphasize the importance of the corporate responsibility, but also the responsibility and expectation of our business partners.

The HANSA-FLEX Code of Conduct forms the basis of our values and principles, which is also composed in the mission statement. The high standards are set to shape our employees and

business partners, as well as ensuring that our expectations are met towards the human right applications when conducting daily operations within our organization and supply chain.

We support and respect the protection of internationally valid human rights both within our company and when dealing with our business partners. We do not tolerate any form of forced labour or child labour as stated in our Code of Conduct.

### **German Supply Chain Due Diligence Act (LkSG)**

#### **HANSA-FLEX AG**

The policy statement serves as the implementation of due diligence in accordance with the German Supply Chain Due Diligence Act (LkSG):

1. A commitment to respecting human rights and the environment.
2. Referencing international human and environmental rights standards.
3. Relevant human rights and environmental issues, as well as potentially affected groups of individuals.
4. Expectations of our suppliers.
5. Approach to implementing human rights and environmental due diligence.
  - 5.1.Risk Analysis.
  - 5.2.Preventative and remedial measures.
  - 5.3.Complaint management.
  - 5.4.Documentation and reporting.
  - 5.5.Effectiveness control
6. Responsibilities for human rights and environmental due diligence.

Publicly accessible, the complaint procedure can be used anonymously by all persons or groups of persons who are potentially or affected by human rights or environmental violations in their own business area or within the supply chain of HANSA-FLEX, or who are aware of such violations, can submit information via the complaint procedure. These include, for example: employees of HANSA-FLEX and its companies, employees of direct and indirect suppliers and business partners, customers, relatives of employees, trade unions, non-governmental organisations and other organisations that become aware of risks or damage and/or support those affected.

#### **The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk:**

##### **Risk Analysis**

We recognize that parts of our business and supply chains may carry a risk of forced labour or child labour. Since our supply chain involves purchasing a broad range of hydraulic products, from international, national, regional, and local suppliers, we acknowledge that there is a potential to cause adverse impacts on human and environmental rights.



**Expectation of our Suppliers**

With our standards, employees worldwide are expected to behave appropriately and lawfully towards colleagues, business partners and suppliers. Our business partners and suppliers are expected to commit to respecting human and environmental rights, establish appropriate due diligence processes on their end, and to pass these expectations onto their own suppliers.

**Internal monitoring tool**

Suppliers are monitored using an internal monitoring tool, allowing the relevant human rights and environmental risks to be identified and appropriate measures to be initiated. An internal monitoring tool was newly introduced company-wide to assist with assessing and managing risks of active suppliers.

**Measures taken to remediate any forced labour or child labour:**

Employees are encouraged to consult with management or their department managers, or human resources for concerns to be addressed accordingly and dealt with in strict confidence. Our primary objective is to protect those potentially affected and to identify, prevent or at least minimise adverse human and environmental impacts on them. Reporting any incidents on the online complaint system, which is publicly accessible, ensures access to submit, identify, and solve any issues before any harm is done. This system alerts HANSA-FLEX of any violation of rights and proper remedial action can be taken. In the fiscal year 2023, no remedial action had to be taken regarding these matters.

**Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains:**

In the fiscal year 2023, no remedial action had to be taken regarding these matters.

**Training provided to employees on forced and child labour:**

The onboarding process for the employees at HANSA-FLEX includes the introduction to, understanding and acknowledging the HANSA-FLEX Code of Conduct and Mission Statement. The Code of Conduct and Mission Statement form the basis for the company culture, expectations, values, and human rights standards. Compliance with the Code of Conduct and Mission Statement is a condition of working at HANSA-FLEX and being a business partner. This brings awareness to the employees that any violation to these standards is strictly prohibited among suppliers and business partners.

**How the entity assesses its effectiveness on forced labour and child labour are not being used in its business and supply chains:**

HANSA-FLEX AG and its subsidiaries take concerns regarding compliance with human rights and environmental standards along the supply chain extremely serious. Therefore, a complaints procedure has been introduced, which facilitate evaluation of reported violations within our company or supply chain.

At the highest level of management, the board of directors are responsible for monitoring and respecting human rights and the environment in our business activities as well as in the supply chain.

Operational implementation and monitoring in accordance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, as well as reporting requirements under supply chain legislation in other jurisdictions, such as the *German Supply Chain Due Diligence Act* and the effectiveness of all due diligence processes is reviewed to continue to identify, prevent, eliminate, or mitigate adverse human right or environmental impacts on an annual basis.

**Conclusion**

HANSA-FLEX stands for human rights and environmental responsibility which is demonstrated in its Code of Conduct and Mission Statement. We comply with the human rights legislation, wherever the company is represented or conducts business. We are prepared to review the set measures annually, and if any instance occurs, corrective action will be taken. The HANSA-FLEX Group remains committed to preventing forced labour and child labour from taking place within the company and in the supply chain and recognizes that this is an ongoing process.

**Approval**

This joint report was approved by each of the entities' governing body of each entity included in the report, namely HANSA-FLEX AG on 29. May 2024 and HANSA-FLEX Hydraulics Canada Inc. on 29.May 2024.

**Attestation pursuant to section 11 of the Canadian Act**

In accordance with requirements of the Canadian Act, and in particular section 11 thereof, we attest that we have reviewed the information contained in this joint report for the entity or entities subject to the Canadian Act.

Based on our knowledge, and having exercised reasonable diligence, we attest that the information in the joint report is true, accurate, and complete for the purposes of the Act, for the 2023 reporting year.

Signed by



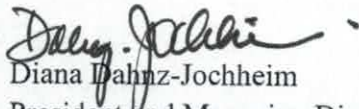
Thomas Armerding  
Chairman of the Board of Directors, HANSA-FLEX AG  
CEO HANSA-FLEX Hydraulics Canada Inc



Christian-Hans Bültemeier  
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Florian Wiedemeyer  
Commercial Manager, CFO, HANSA-FLEX AG



Diana Wahnz-Jochheim  
President and Managing Director, HANSA-FLEX Hydraulics Canada Inc.

May 29, 2024



## **APPENDIX**

### **HANSA-FLEX Annual Report 2023**

[https://www.hansa-flex.de/fileadmin/hansaflex/News\\_and\\_Events/News/2024/0787\\_News\\_Geschaeftsbericht/PR\\_Geschaeftsbericht\\_2023\\_240315\\_ENG\\_WEB.pdf](https://www.hansa-flex.de/fileadmin/hansaflex/News_and_Events/News/2024/0787_News_Geschaeftsbericht/PR_Geschaeftsbericht_2023_240315_ENG_WEB.pdf)

### **HANSA-FLEX Company Profile**

<https://www.hansa-flex.de/en/company/>

### **HANSA-FLEX Management**

<https://www.hansa-flex.de/en/company/management/>

### **HANSA-FLEX Hydraulics Canada Inc.**

<https://hansa-flex.ca/>

### **HANSA-FLEX Declaration of Principle – German Supply Chain Due Diligence Act (LkSG)**

<https://www.hansa-flex.de/en/complaints-procedure-8-lksg/>

### **HANSA-FLEX Complaint Procedure**

<https://hansa-flex.crefosupply.de/en>