



Fighting Against
Forced Labour & Child Labour
in Supply Chains Act

Joint Report 2024

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 2024.

As an international company, represented 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.

Steps taken in fiscal year 2024 to prevent and reduce the risks of forced labour and child labour

In 2024 we continued to invite suppliers to register with our internal monitoring tool and participate in the ESG questionnaire, which includes questions on forced and child labour. Engaging with suppliers and the participation in questionnaires is a way we brought and continue to bring awareness to prevent and reduce risks. In addition, we engaged in assessments on a regular basis. We continued to monitor active suppliers through the internal monitoring system for status and feedback. We received responses to the questionnaires from suppliers and continued to follow up, where needed.

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 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. In the fiscal year 2024, the HANSA-FLEX Group employed more than 5,100 employees. With 462 locations around the world, and a consolidated turnover of 623 million Euros (approx. 975 million Canadian),¹ HANSA-FLEX is represented in more than 40 countries.

¹ 2024 Annual Report of HANSA-FLEX, [https://www.hansa-flex.de/fileadmin/hansaflex/Company/Quick_Facts/2024/PR_Annual-report_2024_EN_web.pdf]



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, 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 approximately 20 employees at the Canadian location.

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 comes 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.

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.

Complaint Procedure

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. Any individual who is aware of 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.

EU Corporate Sustainability Reporting Directive (CSRD) - Future Reporting Requirement

To implement the EU Corporate Sustainability Reporting Directive (CSRD) as efficiently and transparently as possible, a software solution is currently being evaluated that will be used not only in Germany but also by the international subsidiaries.²

Steps taken to assess and manage risks of forced labour and child labour

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 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. Engaging with our partners in the supply chain by addressing forced and child labour by way of inviting suppliers to participate in questionnaires allows for the relevant human rights and environmental risks to be identified and to act upon accordingly.

Internal monitoring tool

Our internal monitoring tool which was introduced company-wide continues to assist us with assessing and managing risks of active suppliers. This allows for appropriate measures to be initiated. Existing and new suppliers receive questionnaires designed to understand and document ESG data, such as human rights & child labour, environmental protection, anti-bribery & anti-corruption, health & safety and supply chain responsibility. The information we receive from such questionnaires assists us in understanding the suppliers' policies and processes, and for identifying and prohibiting the use of forced and child labour. Assessments are reviewed by the Central Purchasing department in

² 2024 Annual Report of HANSA-FLEX, [https://www.hansa-flex.de/fileadmin/hansaflex/Company/Quick_Facts/2024/PR_Annual-report_2024_EN_web.pdf]

HANSA-FLEX AG, who then identifies and determines the high risks involved and further decides if investigation is required.

Remedial measures

Employees are encouraged to consult with management or human resources for concerns to be addressed accordingly. Our primary objective is to protect and identify individuals potentially affected, to prevent, or at least, minimise any adverse human and environmental impacts. Reporting any incidents via the online complaint system, which is publicly accessible, ensures access to submit, identify, and solve any issues. This system alerts HANSA-FLEX of any violation of rights, which then allows for proper remedial action. In the fiscal year 2024, no remedial action had to be taken regarding these matters.

Remediation of Loss of Income from Measures Taken

HANSA-FLEX will continue to assess the activities and take swift remedial action for forced and child labour should they arise. In the fiscal year 2024, HANSA-FLEX has not identified any occurrences of forced or child labour in its activities or supply chains. Therefore, no remedial action had to be taken regarding these matters.

Training provided to employees on forced and child labour

As part of the onboarding process / training at HANSA-FLEX, employees are introduced to 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. Employees and business partners understand that any violation to these standards is strictly prohibited.

Assessing Effectiveness

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 is in place, which facilitates evaluation of reported violations within our company or supply chain.

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

The internal tool which centrally monitors suppliers' performance in the areas of ESG, is a way for the HANSA-FLEX Group to work with suppliers, addressing the topic of forced and child labour, and gives us the effective means to act upon if necessary. HANSA-FLEX and its subsidiaries are prepared to review the set measures, policies and procedures annually.

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

Conclusion

HANSA-FLEX stands for human rights and environmental responsibility which is demonstrated in its Code of Conduct and Mission Statement. HANSA-FLEX complies with the human rights legislation, wherever the company is represented or conducts business in the world. If any instance occurs, corrective action will be taken swiftly. 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 May 30th, 2025, and HANSA-FLEX Hydraulics Canada Inc. on May 30th, 2025.

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 2024 reporting year.

Signed by



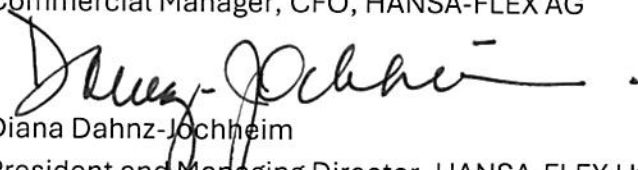
Thomas Armerding
Chairman of the Board of Directors, HANSA-FLEX AG



Christian-Hans Bültemeier
COO, HANSA-FLEX AG



Florian Wiedemeyer
Commercial Manager, CFO, HANSA-FLEX AG



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

May 30th, 2025

APPENDIX

HANSA-FLEX Annual Report 2024

https://www.hansa-flex.de/fileadmin/hansaflex/Company/Quick_Facts/2024/PR_Annual-report_2024_EN_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. Profile

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

HANSA-FLEX Code of Conduct and Mission Statement

<https://www.hansa-flex.de/en/company/mission-statement-and-values/>

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

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

Corporate Sustainability Reporting – European Commission

https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en#legislation

HANSA-FLEX Complaint Process

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