



# SUPPLIER CODE OF CONDUCT

## Introduction

HYDY maintains an unwavering commitment to upholding exemplary workplace conditions across our supply chain, emphasizing safety, equity, and environmental stewardship in our manufacturing processes. Our suppliers are required to demonstrate full compliance with all applicable laws, rules, and regulations within their respective jurisdictions. This Supplier Code of Conduct establishes comprehensive guidelines for social and environmental responsibility, aligned with globally recognized standards.

To ensure adherence to these standards, HYDY has implemented a robust monitoring system. This includes conducting facility assessments, both scheduled and unscheduled, either through our internal teams or independent auditors. These assessments encompass thorough reviews of wages, working hours, payroll documentation, and other employment practices. Suppliers should note that any breach of this Code may result in the immediate dissolution of our business relationship.

This Code is founded upon internationally respected frameworks, including the United Nations Universal Declaration of Human Rights (UDHR), and incorporates principles from established organizations such as the Responsible Business Alliance (RBA). These authoritative sources serve as foundational references and provide valuable supplementary guidance.

## 1. Fair and Equitable Labor Standards

### A. Human Rights

Suppliers commit to upholding workers' human rights and treating them with dignity and respect as recognized by the international community. This applies to all workers, including temporary, migrant, student, contract, direct employees, and any other type of worker. The provisions set forth in the aforementioned Universal Declaration of Human Rights establish the standards for this requirement.

### B. Non-discrimination

Suppliers shall commit to maintaining a workplace free from harassment and unlawful discrimination. Companies shall not engage in discrimination or harassment in hiring and employment practices (such as wages, promotions, rewards, and training opportunities) based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, veteran status, protected genetic information, or marital status. Workers should be provided with reasonable accommodation for religious practices. Additionally, workers or potential workers should not be subjected to medical tests that could be used for discriminatory purposes, including pregnancy or virginity tests, or physical examinations.

### C. Fair Treatment

Suppliers shall commit to maintaining a workplace free from harassment. Suppliers must not threaten or

subject workers to harsh or inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental coercion, physical coercion, verbal abuse, or unreasonable restrictions on entering or exiting company facilities. Suppliers shall prohibit harassment and unlawful discrimination in the workplace.

#### **D. Freely Chosen Employment**

Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery, or trafficking of persons is prohibited. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction, or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement within the facilities, including, if applicable, workers' dormitories or living quarters, in addition to unreasonable restrictions on entering or exiting company-provided facilities.

As part of the hiring process, all workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment. Foreign migrant workers must receive the employment agreement prior to departure from their country of origin, and no substitutions or changes shall be permitted upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better conditions. All work must be voluntary, and workers shall be free to leave work or terminate their employment at any time without penalty upon reasonable notice as per the worker's contract.

#### **E. Prevention of Underage Labor**

Child labor is strictly prohibited. Suppliers shall not employ children. The minimum age for employment or work shall be 15 years old, the minimum age for employment in that country, or the age for completing compulsory education in that country, whichever is higher. Suppliers shall implement appropriate mechanisms to verify the age of workers. Legitimate workplace learning programs that comply with all laws and regulations are supported.

#### **F. Protection of Young Workers**

Suppliers may employ juveniles who are older than the applicable legal minimum working age but under 18 years of age, provided they do not perform work that might jeopardize their health, safety, or morals. Suppliers shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable laws and regulations. Suppliers shall provide appropriate support and training to all student workers. In the absence of local law, the wage rate for student workers, interns, and apprentices shall be at least the same as other entry-level workers performing equal or similar tasks.

#### **G. Working Hours**

Studies clearly indicate that worker fatigue is connected to reduced productivity, increased turnover, and increased illness and injury. Working hours must not exceed the maximum limit set by local law. Furthermore, except in emergency or unusual situations, a workweek should not exceed 60 hours, including overtime. All overtime must be voluntary. Workers should be allowed at least one day off every seven days.

#### **H. Wages and Benefits**

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours, and legally mandated benefits. In accordance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages shall not be used as a disciplinary measure. For each pay period, workers shall be provided with a timely

and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch, and outsourced labor shall be within the limits of local law.

## 2. Health and Safety

HYDY recognizes that incorporating sound health and safety management practices into all aspects of business is essential for maintaining high morale and producing innovative products. Suppliers shall be committed to creating safe working conditions and a healthy work environment for all employees.

### A. Occupational Injury Prevention

Suppliers shall eliminate physical hazards where possible. Where physical hazards cannot be eliminated, suppliers shall provide appropriate engineering controls such as physical guards, interlocks, and barriers. Where appropriate engineering controls cannot be implemented, suppliers shall establish appropriate administrative controls such as safe work procedures. In all cases, suppliers shall provide appropriate personal protective equipment to employees. Workers shall not be disciplined for raising safety concerns and shall have the right to refuse unsafe working conditions without fear of reprisal until management adequately addresses their concerns.

### B. Industrial Hygiene

Suppliers shall identify, evaluate, and control worker exposure to hazardous chemical, biological, and physical agents. Suppliers must eliminate chemical hazards where possible. Where chemical hazards cannot be eliminated, suppliers shall provide appropriate engineering controls such as closed systems and ventilation. Where appropriate engineering controls cannot be implemented, suppliers shall establish appropriate administrative controls such as safe work procedures. In all cases, suppliers shall provide appropriate personal protective equipment to employees.

### C. Emergency Preparedness, Prevention, and Response

Suppliers shall anticipate, identify, and assess emergency situations and events and minimize their impact by implementing emergency plans and response procedures, including emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate first aid supplies, appropriate fire detection and suppression equipment, adequate exit facilities, and recovery plans. Suppliers shall incorporate C-TPAT security standards into their business processes as described on the U.S. Customs website.

### D. Occupational Safety Procedures and Systems

Suppliers shall establish procedures and systems to manage, track, and report occupational injuries and illnesses. Such procedures and systems should encourage worker reporting, classify and record injury and illness cases, investigate cases and implement corrective actions to eliminate their causes, provide necessary medical treatment, and facilitate workers' return to work.

### E. Ergonomics

Suppliers shall identify, evaluate, and control worker exposure to physically demanding tasks, including manual material handling, heavy lifting, prolonged standing, and highly repetitive or forceful assembly tasks.

### F. Dormitory and Dining

Suppliers shall provide workers with clean sanitary facilities, potable water, and sanitary food preparation and storage facilities. Worker dormitories provided by the supplier or a third-party agent shall be clean and safe and provide adequate emergency exits, adequate heat and ventilation, reasonable personal space, and reasonable entry and exit privileges.

#### **G. Health and Safety Communication**

To foster a safe working environment, suppliers shall provide appropriate workplace health and safety information and training in the workers' primary language, including written health and safety information and warnings. Suppliers shall post Safety Data Sheets in the primary language of their employees for any hazardous or toxic substances used in the workplace and properly train workers who will be exposed to such substances in the workplace.

#### **H. Worker Health and Safety Committees**

Suppliers are encouraged to initiate and support worker health and safety committees to enhance ongoing health and safety education and encourage worker input regarding workplace health and safety issues.

### **3. Environmental Responsibility**

Suppliers recognize that environmental responsibility is an integral part of producing world-class products. Participants shall identify environmental impacts on communities, environment, and natural resources, and minimize adverse effects in their manufacturing operations while protecting public health and safety. Recognized management systems such as ISO 14001 and the Eco Management and Audit System (EMAS) were used as references in preparing this Code and may be useful sources of additional information.

#### **A. Environmental Permits and Reporting**

All required environmental permits (e.g. emission monitoring), approvals, and registrations must be obtained, maintained, and kept current, and their operational and reporting requirements must be followed.

#### **B. Pollution Prevention and Resource Reduction**

Emissions and waste generation should be minimized or eliminated at the source or through practices such as adding pollution control equipment, modifying production, maintenance, and facility processes, or by other means. The use of natural resources (including water, fossil fuels, minerals, and virgin forest products) should be conserved through modified production, maintenance, and facility processes, materials substitution, reuse, conservation, recycling, or other means.

#### **C. Energy Consumption and Greenhouse Gas Emissions**

Suppliers shall establish company-wide greenhouse gas reduction goals. Energy consumption and all relevant Scope 1 and Scope 2 greenhouse gas emissions shall be tracked, documented, and publicly reported against greenhouse gas reduction goals. Participants shall seek methods to improve energy efficiency and minimize their energy consumption and greenhouse gas emissions.

#### **D. Hazardous Substances Management and Restrictions**

Suppliers shall comply with any applicable laws and regulations prohibiting or restricting specific substances' use or handling. To ensure safe handling, movement, storage, recycling, reuse, and disposal, suppliers shall identify and manage substances that pose a hazard if released to the environment and comply with applicable labeling laws and regulations for recycling and disposal.

**E. Solid Waste Management**

Suppliers shall manage and dispose of non-hazardous solid waste generated from operations in accordance with applicable laws and regulations.

**F. Wastewater and Stormwater Management**

Suppliers shall implement a water management program that documents, characterizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; and controls contamination channels. All wastewater shall be characterized, monitored, controlled, and treated as required prior to discharge or disposal. Participants shall conduct routine monitoring of the performance of their wastewater treatment and containment systems to ensure optimal performance and regulatory compliance.

**G. Air Emissions Management**

Suppliers shall characterize, monitor, control, and treat air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting chemicals, and combustion by-products generated from operations prior to discharge according to applicable laws and regulations.

**H. Environmental Permits and Reporting**

Suppliers must obtain, maintain, and keep current all required environmental permits (such as emission monitoring) and registrations, and comply with the operational and reporting requirements of such permits.

## 4. Ethics and Business Integrity

Suppliers must uphold the highest standards of ethical conduct in their dealings with employees, suppliers, and customers.

**A. Business Integrity**

Any form of corruption, extortion, and embezzlement is strictly prohibited. Suppliers must not violate the Foreign Corrupt Practices Act (FCPA), any international anti-corruption conventions, or applicable anti-corruption laws and regulations in their countries of operation, and must not engage in any form of corruption, extortion, or embezzlement. Suppliers must not offer or accept bribes or other means of obtaining undue or improper advantage. Suppliers must adhere to fair business standards in advertising, sales, and competition.

**B. Information Disclosure**

Suppliers must accurately record and disclose information regarding their business activities, structure, financial situation, and performance in accordance with applicable laws, regulations, and prevailing industry practices.

**C. Responsible Sourcing of Materials**

Participants shall adopt policies and exercise due diligence on the source and chain of custody of raw materials related to HYDY products and their manufactured goods to reasonably ensure their legitimate origin from safe and reliable regions. Sourcing from conflict or high-risk areas is not accepted. Guidelines for this section can be found at the Organization for Economic Co-operation and Development (OECD).

**D. Whistleblower Protection and Anonymous Complaints**

Suppliers shall establish procedures to ensure the confidentiality of supplier and employee whistleblowers and prohibit retaliation against workers who participate in such programs in good faith or refuse to carry

out instructions that violate the HYDY Supplier Code of Conduct. Suppliers shall provide an anonymous complaint mechanism for workers to report workplace grievances in accordance with local laws and regulations.

#### **E. Community Engagement**

Suppliers are encouraged to engage in community activities to help promote social and economic development and contribute to the sustainable development of the communities in which they operate.

#### **F. Protection of Intellectual Property**

Suppliers must respect intellectual property rights; protect customer information; and ensure that technology and know-how transfers are done in a manner that protects intellectual property rights.

#### **G. Management Commitment**

Suppliers must adopt or establish management systems designed to ensure compliance with this Code and applicable laws and regulations, identify and mitigate related operational risks, and facilitate continuous improvement. Management commitment should include the following elements:

#### **H. Company Statement**

A corporate social and environmental responsibility statement affirming the supplier's commitment to compliance and continual improvement should be posted in the primary local language at all of the supplier's workplaces.

#### **I. Management Accountability and Responsibility**

Clearly identify company representatives responsible for ensuring implementation and periodic review of the status of the supplier's management systems.

#### **J. Risk Assessment and Management**

A process to identify environmental, health and safety, business ethics, labor, human rights, and legal compliance risks associated with their operations, determine the relative significance of each risk, and implement appropriate procedural and physical controls to ensure compliance and control of the identified risks. Health and safety risk assessments must include warehouse and storage facilities, plant and facility support equipment, laboratories and test areas, bathrooms, kitchens, cafeterias, and worker housing.

#### **K. Performance Objectives with Implementation Plan and Measures**

Written standards, performance objectives, targets, and implementation plans, including periodic assessment of supplier performance against those objectives.

#### **L. Audits and Assessments**

Periodic self-evaluations to ensure conformity to this Code and applicable laws and regulations by the supplier, their subcontractors, and their next-tier suppliers.

#### **M. Documentation and Records**

Suppliers shall have processes to identify, monitor and understand applicable laws, regulations, and additional requirements imposed by this Code. Suppliers shall obtain, maintain, and keep current valid business licenses as required by applicable laws and regulations. Documentation and records shall be maintained to ensure regulatory and Code compliance, with appropriate confidentiality measures to protect privacy.

**N. Training and Communication**

Programs for training managers and workers to implement supplier's policies and procedures and to fulfill supplier's improvement objectives.

A process for communicating clear and accurate information about supplier's performance, practices, and expectations to its workers, suppliers, and customers.

**O. Worker Feedback and Participation**

A process to obtain feedback on processes and practices related to this Code and to foster continuous improvement.

**P. Corrective Action Process**

A process for timely correction of deficiencies identified by internal or external audits, assessments, inspections, investigations, or reviews.