



Materializing Our Values

People, Environment and Ethics



A Material Difference



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Materializing Our Values

HEXPOL's most important business objective is to create profitable growth and by doing that we ensure the long-term success of the Group.

To be able to grow and develop our business we must demonstrate a responsible and accountable approach. The commitments in Materializing Our Values are deeply rooted in our culture and strategy, meaning that we strive to limit the Group's impact on the environment and to offer a secure and stimulating work environment for our employees worldwide. It is equally important that HEXPOL is associated with credibility and healthy values in our contacts with customers, suppliers and other interested parties.

Materializing Our Values serves as guidance for our employees and business partners. After all, it is through our daily actions that we can make a difference and show that sustainability is about more than nice words. On this note, I would also like to emphasize the importance of a sound corporate culture, where openness, tolerance and access to information are natural characteristics that help to drive our sustainability efforts.

HEXPOL's sustainability strategy starts with Materializing Our Values and a principled approach to doing business. This means that we must operate in ways that meet fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption. To demonstrate our commitment, we have therefore signed the UN Global Compact. By incorporating the Global Compact principles into our strategies, policies and procedures – and establishing a culture of integrity – we are not only



upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

Materializing Our Values not only refer to the legislation and regulations that govern HEXPOL and its employees, but also to the Group's wider expectations – both internal and external – that extend beyond mere legal compliance.

This document – together with the package of policies and guidelines – provides guidance and support and shall be applied in the same way wherever you are in the world. Corporate responsibility can only be guaranteed by the commitment and actions by all of us working in the HEXPOL Group.

Malmö in April 2021

*Georg Brunstam
President and CEO
HEXPOL AB*

Framework And Scope

People, Environment and Business Ethics

Materializing Our Values – HEXPOL’s Code of Conduct – focuses on People, Environment and Business Ethics. It sets out the principles that govern each area and seeks to translate these core values into tangible, comprehensive guidelines. Realization of the values is a responsibility that we must jointly take by integrating the Code of Conduct into the daily work. Based on Materializing Our Values:

- We comply with legislation, regulations, international conventions and guidelines.
- We apply sound business ethics.
- We contribute to sustainable development, including health and social welfare.
- We practice corporate responsibility in the relation with colleagues, business partners, owners and other stakeholders.
- We create long-term value for our stakeholders.
- We demonstrate commitment to the UN Sustainable Development Goals and Agenda 2030.

Core principles

Materializing Our Values is primarily based on the Ten Principles of the UN Global Compact and the International Guideline for Social Responsibility (ISO 26000). HEXPOL recognizes the fundamental principles of Human Rights, as defined by the “Universal Declaration of Human Rights” (UN), the eight core conventions defined in the Fundamental Principles of Rights at Work (ILO Declaration), and other relevant conventions and guidelines. Materializing Our Values is also based on laws and regulations that are applicable to public companies that are listed at the Swedish stock market.



FINANCIAL
POLICY**

IT
POLICY**

DATA
PROTECTION
POLICY

COMMUNICA-
TION
POLICY

INSIDER
POLICY AND
GUIDELINES

EQUAL
OPPORTUNITIES
POLICY

ENVIRON-
MENTAL
POLICY***

HEALTH
& SAFETY
POLICY**

SUPPLIER
SUSTAINABILITY
GUIDELINE

* Supported by a Compliance Program relating to Competition and Anti-trust law.
** Policies available for all employees but not externally distributed.
*** Integrated with Materializing Our Values.

The structure of Materializing Our Values

This document gives an overview of the areas that are covered by Materializing Our Values. Details about requirements and visions are found in the supporting Group Policies and Guidelines. The Business Ethics chapter is supported by a Compliance Program relating to Competition and Anti-trust law.

Within the framework and requirements of ISO 14001, and other standardized management systems, it is recommended that the manufacturing plants establish more detailed policies. The measures in these policies should, however, not fall short of the commitments undertaken by the HEXPOL Group.

People

HEXPOL supports and respects the protection of internationally proclaimed human rights, and make sure that our activities do not complicit in human rights abuses, for example, in the relations with our suppliers. We apply sound labor practices and maintain high standards concerning health and safety at the workplaces. We have routines (Whistleblower System) for how to bring up issues and complaints regarding human rights and business ethics related aspects. This means that we:

SHOW RESPECT FOR HUMAN RIGHTS

- We treat all employees fairly and with dignity and respect.
- We do not distinguish between our employees on the basis of religion, gender, age, disability, sexual orientation, nationality, political opinion, social background or ethnic origin.
- We support and promote diversity.
- We do not tolerate harassment, threats or discrimination.
- We follow applicable legal requirements relating to human rights.
- We identify, prevent and address actual, or potential, human rights impacts.

APPLY SOUND LABOR PRACTICES

- We respect the rights to freedom of association and collective bargaining. In countries where the right to freedom of association and/or collective bargaining is regulated, restricted or prohibited by law, we do not hinder alternative forms of independent and free employee representation.
- We do not permit illegal or forced labor.
- We do not permit child labor. Children under the compulsory school age of 15 years (or higher in certain countries) are not allowed to work for HEXPOL. Hazardous work is not allowed for those under 18 years of age.



- All employees should know the basic terms and conditions of their employment. An employment agreement shall be communicated with each employee before they start work, which specifies terms of employment in a way understood by the employee. Payroll and attendance records relating to the documented payment of wages and working hours for each employee are maintained.
- Salaries, including overtime and benefits, shall equal or exceed the level required by applicable law.
- We provide our employees with access to skills development, training, apprenticeships and opportunities for career advancement.

DEMONSTRATE GOOD CITIZENSHIP

- We will engage in the local community in which we operate and endeavor to recruit and develop local employees and managers.
- We will prioritize grants and sponsorship agreements that benefit the societies in which we operate.
- We participate in collaborations and projects with schools, universities, research institutes and industrial networks.
- We take a neutral stance on political issues. The name of the company and HEXPOL's financial resources are not to be used in political contexts.

HAVE FOCUS ON HEALTH AND SAFETY (GROUP POLICY)

Continual improvement

- Health and safety risks shall be managed in a systematic way. We encourage the implementation of certified health and safety management systems (ISO 45001) at the manufacturing plants.
- We will continually improve our health and safety performance by the implementation and follow-up of objectives, targets and action plans.
- We shall use the opportunity to make health and safety improvements whenever there is a change of processes, plants and products.
- Steps are continuously taken to reduce the need for personal protective equipment by reducing the risks at source.

Legal and other requirements

- We shall identify relevant legal and other requirements which are related to health, safety and emergency aspects. We will ensure continued compliance with the requirements.
- We have suitable long-term planning in place for new legislation and identify requirements and requests from employees, customers and other interested parties well in advance.

Precautionary principle

- We shall not use the lack of full scientific certainty as an excuse to avoid preventive steps to protect human health.
- Health and safety risks shall continuously be assessed and relevant preventive and mitigating measures shall be taken.

Chemicals

- We shall have focus on the safe management of chemicals and will strive to substitute hazardous chemicals with less hazardous ones – or implement other risk reducing actions.
- We shall maintain lists of all chemicals at the site and provide Material Safety Data Sheets in a language that is understood by our employees.

Machinery and equipment

- Machinery and other equipment shall be safe to use and equipped with the necessary safety devices in order to prevent injuries. According to legal, or other requirements, inspections shall be carried out by authorized organizations.
- Employees shall be given the necessary and adequate safety training before operating machines, equipment or carrying out potentially hazardous operations. Descriptions and records of the training are available.

Emergency preparedness

- First aid equipment shall be adequately stocked and available to employees during all shifts in all buildings.
- Site emergency plans shall be developed and implemented. The plans are based on identified risks and established routines for dealing with emergency situations. As a minimum the emergency plans include potential hazards and emergency scenarios (fire, explosion, natural disasters, chemical accidents, etc.), evacuation routines and defined roles and responsibilities during emergency situations.

Working conditions

- We shall provide good working conditions and, where relevant, monitor physical, chemical and other parameters at the workplaces.
- The ergonomic conditions of the workplaces shall be assessed and plans how to reduce the risk for long-term injuries shall be available.
- We do not accept any work under the influence of alcohol, illegal drugs or any substance that prevents the employee from performing the job safely and effectively.
- We promote a good psychosocial work environment and believe in the importance of social activities to create and maintain good relations between our employees.



Additional information concerning People is found in the:

- Equal Opportunities Policy
- Supplier Sustainability Guideline
- Data Protection Policy



Environment

HEXPOL recognizes that environmental responsibility is a precondition for the survival and prosperity of human beings. The overall aim is that impacts on the environment, that are related to our activities, products and services, should be minimized. We therefore support a precautionary approach to environmental challenges. This means that we:

HAVE FOCUS ON ENVIRONMENTAL ASPECTS (GROUP POLICY)

Continual improvement

- We shall implement environmental management systems (ISO 14001) at all manufacturing plants.
- We will continually improve our environmental performance by the implementation and follow-up of objectives and action plans.
- We shall use the opportunity to make environmental improvements whenever there is a change of processes, plants and products.
- Sustainability issues shall be an integrated part of the HEXPOL Strategic Planning and Budget Processes.

Legal and other requirements

- We shall identify relevant environmental legal and other requirements and ensure continued compliance with the requirements.
- We have suitable long-term planning in place for new legislation and identify requirements and expectations from customers and other interested parties well in advance.

Precautionary principle

- We shall not use the lack of full scientific certainty as an excuse to avoid preventive steps to protect the environment and human health.
- Environmental aspects and risks shall continuously be assessed and relevant preventive and mitigating measures shall be taken.
- As a part of the due diligence process, during acquisitions and divestitures of businesses and properties, sustainability risk analyses shall be carried out.

Resource efficiency

- Our operations shall be distinguished by an increasingly resource-efficient use of energy, water, raw materials and other natural resources.

Climate change

- We strive to reduce our carbon footprint and evaluate how climate change impacts our business model.

Waste, emissions and chemicals

- Waste and emissions from production plants and other activities shall be minimized. Waste products shall to a great extent be efficiently reused or recycled.
- Best practices shall be applied to minimize risks for pollution of soil and groundwater.
- We shall continually work to reduce environmental, health and safety risks associated with the use of hazardous chemicals in manufacturing processes and products.

Research and development

- In the research and development projects, it shall be an ambition to develop environmentally sound technologies, products and packaging.
- We will contribute to a circular economy by increased use of bio-based and recycled raw materials.

Products and services

- We strive to contribute to sustainable development by producing and marketing products which during their life cycle have a minimum impact on the environment.
- We will seek business opportunities by developing products and services that promote sustainability.

Business partners

- We shall inform suppliers, and other business partners, about Materializing Our Values and the Supplier Sustainability Guideline and encourage them to implement similar policies and procedures.
- We want our suppliers to strive toward ensuring that their operations, products and services have as low as possible impact on the environment, human health and society.
- We encourage our suppliers to introduce certified environmental management systems.
- We shall evaluate our suppliers with respect to sustainability performance.

Open information about our performance

- We shall provide open and objective information about our sustainability work to the general public, authorities, customers, media and other interested parties.
- We shall evaluate the sustainability performance by the monitoring of relevant parameters and by internal and external environmental audits.
- Our progress towards sustainable development shall be accounted for annually. We will report according to international standards and initiatives.



Additional information concerning Environment is found in the:

- Supplier Sustainability Guideline



Business Ethics

HEXPOL aims to uphold and promote business methods of the highest possible ethical standards. We work against corruption in all its forms including extortion and bribery. We impose demands on honesty and honorability throughout our operations and expect the same of our business partners. This means that we:

PROMOTE FAIR OPERATING PRACTICES

- We recognize that behaving ethically is fundamental in establishing and sustaining legitimate and productive relationships with our stakeholders.
- We are aware of legal and other requirements and sanctions related to export and import, anti-bribery laws, anti-boycott provisions, trade embargos and the formation of cartels.
- We shall act in accordance with fair business, marketing and advertising practices.
- We respect property and intellectual rights.

WORK AGAINST CORRUPTION

- We do not accept any form of corruption. All forms of compensation to agents, suppliers and partners must only be for actual goods or services.
- We identify risks for corruption and implement preventive measures.
- Gifts and other benefits may comprise an element of conventional hospitality but shall not exceed local customs and must be completely in line with local legislation.
- We make business decisions based on the best interest of HEXPOL, rather than on personal considerations or relationships. A conflict of interest can arise where an employee or member of his or her family: (a) has a financial interest that could affect such employee's judgment; (b) gains personal enrichment through access to confidential information; or (c) misuses his or her position in the Group in a way which results in personal gain. A conflict of interest can also arise when an employee

or a member of his or her family has a personal interest, directly or indirectly, in any supplier or customer of the Group. If an employee believes that he or she may have direct or indirect conflicts of interest, he or she must disclose such potential conflicts to management.

- We work actively to prevent the use of HEXPOL for money laundering or terrorist financing.
- We have a Whistleblower System in place to ensure that our employees are able to report improprieties without a risk of reprisal.

APPLY STRICT ACCOUNTING AND REPORTING PRINCIPLES

- We are transparent and impartial in our financial reporting.
- We maintain an Insider Policy and an Insider Register that regulates the trading of financial instruments.

PROVIDE OPEN INFORMATION

- We are committed to ensuring transparency in the Group's financial reporting. HEXPOL has a policy of full, fair and accurate disclosure to ensure that the market receives timely, comprehensive and understandable information on an impartial basis.
- Only appointed persons shall make comments that are related to our financial performance, and future prospects, to external parties.

UPHOLD INFORMATION SECURITY AND CONFIDENTIALITY

- We are careful regarding the Group's critical information and information that may be confidential.
- We maintain confidentiality and discretion regarding information we gain access to in contacts with our business partners.
- We uphold good information management, information safety and IT safety.
- We respect the protection of rights and privacy according to the EU General Data Protection Regulation (GDPR).

ENCOURAGE BUSINESS PARTNERS

- We shall inform suppliers, and other business partners, about Materializing Our Values, and the Supplier Sustainability Guideline, and encourage them to implement similar policies and procedures.
- We want our suppliers to strive toward ensuring that their operations, products and services have as low as possible impact on the environment, human health and society.
- We encourage our suppliers to introduce certified management systems for quality, the environment and work environment.
- We shall evaluate our suppliers with respect to social responsibility, environmental responsibility and sound business ethics.



Detailed requirements concerning Business Ethics are found in the:

- Insider Policy and Guidelines
- Financial Policy
- Communication Policy
- Compliance Program
- Supplier Sustainability Guideline
- Data Protection Policy

Implementation, Compliance And Follow-Up

Applies to all

Alongside the corporate governance regulations and the Group's other guidelines, Materializing Our Values serves as a framework for us. It applies to all HEXPOL employees, managers and Board members, regardless of where they are in the world.

The CEO assumes ultimate responsibility for the implementation and application of the Group Policies and Guidelines that are included in Materializing Our Values. The responsibility to promote sound business ethics and compliance with our policies is delegated to all managers in the HEXPOL Group. Materializing Our Values, and associated policies, should be a part of training and follow-up programs at all levels in the Group. Every new employee should be given the opportunity to read and discuss Materializing Our Values.

Compliance issues

In certain areas of Materializing Our Values, we employ a zero-tolerance policy for non-compliance. This applies to such areas as complying with legislation, practicing human rights, and in issues regarding bribes, corruption and competition laws.

In other areas, Materializing Our Values is based on work with continuous improvements. Systematic activities enable us to reduce our environmental impact, improve our working environment and implement other improvement measures. Preventive work and the application of the precautionary principle are key concepts for us.

Follow-up and reporting

We regularly follow up the work on sustainable development and business ethics. Follow-ups take the form of annual questionnaires, but also through dialogues and formal audits. The Group's performance is mainly presented in the Annual Report and the Sustainability Report. Reporting is to meet the requirements set by international standards.

Contacts with stakeholders

When customers, and other stakeholders, ask HEXPOL to demonstrate compliance with laws, international initiatives and other requirements, the following actions are recommended:

- Send the Materializing Our Values document to the stakeholder and provide direction to the HEXPOL webpage for the full set of policies. The documents are found at www.hexpol.com.
- In addition to that, the HEXPOL Annual Report and/or Sustainability Report should be used to demonstrate how we implement and follow-up the Group's performance in relation to Materializing Our Values. The reports are found at www.hexpol.com.

Where do I find HEXPOL's Policies and Guidelines?

Documents that are of interest for our stakeholders are described/posted at HEXPOL's public website. This includes Materializing Our Values, Communication Policy, Equal Opportunities Policy, Insider Policy and Guidelines, Supplier Sustainability Guideline and Data Protection Policy. The above documents, and all other internal Policies and Guidelines that are mentioned in this document, are found at the HEXPOL internal database. For questions concerning Policies and Guidelines please consult info@hexpol.com.

Is it enough for me to know about Materializing Our Values?

This document is a summary and you will find more detailed information in the Group Policies and Guidelines. You are not expected to know all the details in the Materializing Our Values package, but you are indeed responsible for understanding requirements that are directly applicable to your position and employment.

Whistleblower System For Reports Of Violation

HEXPOL's Whistleblower System gives all employees the opportunity to report major improprieties without a risk of harassment or reprisal:

- Improprieties include unethical or illegal behavior, fraud and serious breaches of Materializing Our Values, such as bribery or discrimination against an employee.
- People who witness or suspect that an impropriety has taken place – and who feel that they cannot report the incident to management or the relevant manager – can send an email to whistleblower@hexpol.com. The same applies if a complaint has been reported, but not had the desired effect. Reports are handled by an independent person who can freely act on the information provided and ensure that an investigation is initiated.

Materializing Our Values, including Group Policies and Guidelines, has been adopted by the Board of Directors of HEXPOL AB in April 2021. It will be reviewed annually to ensure that it remains relevant and reflective of HEXPOL's obligations, expectations, and future development. Materializing Our Values will be updated when necessary.



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HEXPOL is a world-leading polymers group with strong global market positions in advanced polymer compounds (Compounding), gaskets for plate heat exchangers (Gasket), and plastic and rubber materials for truck and castor wheel applications (Wheels). Customers are primarily system suppliers to the global automotive and engineering industry, the construction sector, the energy, oil, and gas sector, medical equipment manufacturers and OEM manufacturers of plate heat exchangers and forklifts. The Group is organized in two business areas, HEXPOL Compounding and HEXPOL Engineered Products. For additional information please visit www.hexpol.com.



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