



Minimum safeguards reporting under the EU Taxonomy

About the EU Taxonomy

The EU taxonomy is a classification system for sustainable economic activities. An economic activity is considered taxonomy-eligible if it is listed in the climate- or environmental delegated acts supplementing article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852 and associated delegated acts), and if it can potentially contribute to realizing at least one of the six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Under the EU Taxonomy Regulation, as per year-end 2023, large, listed companies are obliged to report on alignment to the two first objectives, climate change mitigation and climate change adaptation, in addition to eligibility for the remaining four objectives.

An activity is only considered environmentally sustainable, i.e. taxonomy-aligned, if it meets all three of the following conditions:

- The activity makes a substantial contribution to one of the environmental objectives by meeting the screening criteria defined for this economic activity,
- The activity meets the Do-No-Significant-Harm (DNSH) criteria defined for this economic activity.
- The activity is carried out in compliance with the minimum safeguards, which apply to all economic activities and relate primarily to human rights and social and labor standards.

Minimum safeguards reporting

For activities to be aligned with the EU Taxonomy, they must meet the minimum safeguards criteria defined within the EU Taxonomy. There is currently no legally binding definition of how to adhere with the minimum safeguards in relation to human rights and Labor Rights, bribery and anti-corruption, taxation and fair competition. As such, we have assessed our alignment on the report produced by the Platform on Sustainable Finance titled “Final Report on Minimum Safeguards”¹.

Based on the criteria defined by this report, we consider ourselves to be aligned with the Minimum Safeguards. The full overview of Hexagon’s assessments is included in this document.

Human rights and labor rights

Hexagon respects internationally recognized human rights as set out in the International Bill of Human Rights and the ILO Core Conventions. Our approach to human rights is guided by the UN Guiding Principles on Business and Human Rights and is consolidated in our [Policy on Human Rights and Working Conditions](#). The policy has been approved by Hexagon Composites’ Board of Directors and our Governance steering committee, which maintains oversight of human rights compliance, and applies to all branches of our organization. We communicate the policy internally and externally and update it regularly. In addition, we have policies that state a clear prohibition against child and forced labour, discrimination and outline our respect for the right to collective bargaining (e.g. [Code of Conduct](#), [Supplier Code of Conduct](#), and [Diversity and Inclusion Policy](#)).

In addition, Hexagon is committed to actively surveying and assessing actual and potential negative consequences for basic human rights and decent working conditions that the business has either caused or contributed to, or that are directly linked to the business, products or services through supply chains or business partners, in accordance with the Norwegian Transparency Act² and OECD



Guidelines for Multinational Enterprises. We remain committed to continuous improvement across our own operations and throughout our business relationships.

Within Hexagon, human rights are the responsibility of the “Governance-Team”, which is responsible for governance-based policies. We perform periodic Group-wide risk assessments that consider relevant human rights risks. The risk assessments are presented to Hexagon Composites’ Board of Directors, and where high-risk areas are identified, relevant action items are accordingly established to mitigate the risk.

Hexagon’s business relationships are governed by the [Supplier Code of Conduct](#). This Code includes specific provisions related to human rights and working conditions, working hours and leave, wages and benefits, non-discrimination, fair treatment, and the absence of child and forced labor. The Supplier Code of Conduct is explicitly included in contractual terms and conditions with our business partners. We reserve the right to require suppliers to provide evidence of compliance. Should any adverse human rights impacts be identified, Hexagon maintains the ability to immediately terminate the business relationship and is committed to notifying relevant authorities of the violation and being involved with necessary remediation processes.

Hexagon’s human rights and decent working conditions due diligence

Our sector and geographic area of operations means that we have identified the following issues which we have been prioritizing in recent years:

- Working hours and leave
- Wages and benefits
- Freedom of association and collective bargaining
- Supplier compliance
- Access to grievance mechanism

We work to ensure that our high standards are met and that these rights are respected across our organization. We continuously strive to understand our impact both in our own operations and supply chain and conduct periodic impact assessments that take into account the severity and likelihood of potential impacts occurring.

The impact assessment methodology involves multiple steps to map human rights risks across the many countries in which Hexagon does business, including within its supply chain. Using reputable human rights indices, Hexagon identified suppliers located in geographic regions where a likelihood exists of a possible adverse human rights impact. Hexagon then evaluated each supplier, obtaining sufficient information and/or documentation to ensure that the supplier (and sub-suppliers, as necessary) has taken adequate measures to identify, address and remedy any adverse human rights impacts. Hexagon performed a saliency assessment based on the factors of likelihood and severity and formulated action items as necessary to address any suppliers identified as at a high risk of human rights violations. Hexagon is prepared to cease doing business with any supplier where a risk of a human rights violation is identified and the supplier fails to implement appropriate mitigation and/or remediation actions. Hexagon also endeavors to work with impacted stakeholders and communities to ensure human rights impacts are mitigated. Hexagon will continue with these due diligence efforts on a regular basis.

While Hexagon had no specific human rights or decent working conditions concerns raised in 2023, we continue to work towards improving our policies and practices to actively mitigate any potential human rights risks. If any adverse human rights impacts are identified in our own operations or across our business relationships, we remain committed to transparently communicating these impacts, working to provide appropriate remedies to affected stakeholders, and updating our current policies and procedures to avoid future negative impacts.

There have been no findings against Hexagon related to human rights or decent working conditions in 2023.



Corruption and Bribery

Hexagon opposes corruption in all forms - direct and indirect, active as well as passive, between public officials and private parties, in both private and public sectors. This includes any form of corruption, such as bribes, facilitation payments, trading in influence, network corruption (nepotism) and any form of illegal kick-back. We are committed to conducting our business in accordance with the highest ethical standards, as reflected in Hexagon's [Anti-corruption-policy 2023.pdf](#). In 2023, Hexagon launched a 12-month anti-corruption training program for all employees to ensure all levels of the organization are aware of our commitment to anti-corruption principles.

Hexagon also works with business partners and other third parties, and we strive to ensure that such third parties adhere to anti-corruption rules or policies, as well as applicable laws and regulations. We expect from our partners that they comply both with the law and with the principles in Hexagon's Anti-Corruption Policy and our Supplier Code of Conduct.

We ensure that all our employees and suppliers have the possibility to report concerns regarding potential breaches of Hexagon's anti-corruption requirements. We ensure that all reported concerns receive a fair investigation conducted with relevant internal or external assistance. We ensure that Hexagon sanctions breaches of its anti-corruption requirements.

Hexagon requires that its business practices be conducted with integrity and in compliance with applicable laws and regulations in the relevant jurisdictions in which Hexagon operates or does business. Jurisdiction depends on various factors, such as the ordinary place of business, where the activity is conducted, the nationality and residence of involved personnel, contractual regulations and specific elements identified in national law.

Hexagon had no specific anti-corruption or bribery concerns raised in 2023.

Taxation

Hexagon commits to complying with all applicable laws and regulations in the jurisdictions we are operating in. We base our tax policy on transparency, ethical behavior, and responsible tax planning. Our policy includes timely filing of tax returns, accurate reporting, and adherence to local, national, and international tax requirements.

The Company has transfer pricing policies in place to ensure robust allocation of taxable profits between different entities and jurisdictions.

From time to time, Hexagon performs global or local tax reviews to manage tax risks, assessing impact and implementing mitigation strategies where relevant. The financial auditor team signs off on the tax calculations every fiscal year.

Hexagon keeps an open dialogue with tax authorities, responds to and provides information where requested, and openly cooperates during tax audits.

The company is committed to avoiding aggressive tax planning schemes that may exploit legal loopholes.

The company communicates its tax practices to relevant stakeholders through the Annual Report available on our website.

There have been no findings against Hexagon related to taxation in 2023.



Fair competition (antitrust)

Hexagon supports all efforts to promote and protect competition, including the legitimate protection of intellectual property and marketing rights. Hexagon conducts business in compliance with all applicable fair trade, competition and antitrust laws and regulations. Hexagon does not permit any employee to engage in anti-competitive discussions or enter into anti-competitive agreements, including relating to illegal price fixing, market sharing, customer allocation or other illegal restrictive practices, at any level of the production or distribution chain. Hexagon does not facilitate or support money laundering or any other tactic that may allow individuals to disguise the source of funds obtained illegally.

Hexagon complies with all applicable export control laws and regulations, including economic sanctions policies, both domestically and internationally. Hexagon does not export, re-export, transmit or cause to be exported, re-exported or transmitted any product, commodity, accompanying software, and/or technical data to any country, individual, corporation, organization, or entity to which such export, re-export or transmission is restricted or prohibited.

Suppliers that do business with Hexagon must comply with all applicable fair trade, competition and anti-trust laws and regulations. Suppliers may not engage in anti-competitive discussions or enter into anti-competitive agreements, including relating to illegal price-fixing, market sharing, customer allocation or other illegal restrictive practices, at any level of the production or distribution chain.

Hexagon's approach to fair competition is set forth in its Anti-Corruption Policy, as well as its Code of Conduct and Supplier Code of Conduct. Employees are required to be aware of the requirements of these policies and receive periodic training on key topics.

Hexagon had no specific fair competition or antitrust concerns raised in 2023.

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