

2024

ETHICAL CODE OF CONDUCT OF M+S HYDRAULIC PLC AND ITS SUBSIDIARIES



Dear colleagues, dear partners,

We, at M+S Hydraulic Plc, strive for excellence in all directions of our activity through dynamic and wise application of the latest knowledge, directing efforts to improve the environment and ensure our contribution to society.

Main principles, on which we work are:

- ✓ To provide our customers with products they need and value, prioritizing their satisfaction;*
- ✓ To maintain the best possible quality, which is rising the trust of our customers;*
- ✓ We treat each individual's work opportunities with the utmost respect;*
- ✓ We look at our business from a global perspective, as a global corporation and will contribute to the development of society by directing efforts to create a better environment;*
- ✓ We will share our prosperity with all stakeholders, including customers, shareholders and group members;*

What we do is important, but the way we achieve it is also important. Moving forward, we must not forget the responsibility we have, which is to do our commitments the right way.

The Ethical Code of Conduct of M+S Hydraulic PLC and its subsidiaries is our guide, showing us how these high values will sustain us as part of the global economy. It provides guidance on what is expected of each of us in our work to achieve our economic goals. We expect you to know it, understand it and observe its principles in your daily work.

Compliance with the Code is mandatory. It ensures the application of the relevant standards for responsible behavior, which is a guarantee that M+S Hydraulic PLC will continue to be a company, valued and respected by Customers and Society. A company we are proud to work for!

WE WANT M+S HYDRAULIC PLC TO BE A PREFERRED COMPANY NOT ONLY BECAUSE IT CREATES QUALITY PRODUCTS, BUT TO RECEIVE TRUST BECAUSE OF THE WAY WE WORK.

Executive Member of Board of Directors:

Procurator:

Vasil Velev

eng. Vladimir Spasov

Milko Angelov.....

Date: 25.01.2024 y.

Sofia

CONTENTS

1. INTRODUCTION	Error! Bookmark not defined.
2. OUR BUSINESS PRINCIPLES	Error! Bookmark not defined.
3. HONESTY AND BUSINESS STANDARDS	Error! Bookmark not defined.
3.1. Gifts, invitations and other donations	Error! Bookmark not defined.
3.2. Sponsorship and donations	Error! Bookmark not defined.
3.3. Corruption and bribery prevention	Error! Bookmark not defined.
3.4. Money laundering	Error! Bookmark not defined.
4. REGULATORY COMPLIANCE	Error! Bookmark not defined.
5. CONFLICT OF INTEREST	Error! Bookmark not defined.
6. FAIR TRADE PRACTICES	Error! Bookmark not defined.
7. RESPONSIBLE USE OF CORPORATE ASSETS	Error! Bookmark not defined.
8. INFORMATION MANAGEMENT	Error! Bookmark not defined.
8.1. Data protection	Error! Bookmark not defined.
8.2. Internal information	Error! Bookmark not defined.
8.3. Personal data protection	Error! Bookmark not defined.
8.4. Information systems security	Error! Bookmark not defined.
8.5. Misuse and use of confidential information	Error! Bookmark not defined.
8.6. Information Confidentiality	Error! Bookmark not defined.
8.7. Communication	Error! Bookmark not defined.
8.8. Protection of intellectual property	Error! Bookmark not defined.
9. BUSINESS PARTNER RELATIONS	Error! Bookmark not defined.
9.1. Relations with Customers	Error! Bookmark not defined.
9.2. Relations with suppliers	Error! Bookmark not defined.
9.3. Relations with state, municipal, public institutions, banks, media and other external communications	Error! Bookmark not defined.
10. FAIR TRADE PRACTICES	Error! Bookmark not defined.
11. PROTECTION OF HUMAN RIGHTS	Error! Bookmark not defined.
11.1. Protection from discrimination - equal opportunities	Error! Bookmark not defined.
11.2. Gender equality	Error! Bookmark not defined.
11.3. Freedom of association and collective bargaining	Error! Bookmark not defined.
11.4. Modern slavery /forced labor/	Error! Bookmark not defined.
11.5. Child labor	Error! Bookmark not defined.
11.6. Harassment and violence	Error! Bookmark not defined.
11.7. Training and personal well-being	Error! Bookmark not defined.
11.8. Working time	Error! Bookmark not defined.
11.9. Wages	Error! Bookmark not defined.

12. GUARANTEE OF HEALTH AND SAFE WORKING CONDITIONS Error! Bookmark not defined.

13. ENVIRONMENT PROTECTION Error! Bookmark not defined.

14. REPORTING FOR CODE VIOLATIONS Error! Bookmark not defined.

15.CODE MODIFICATION Error! Bookmark not defined.

16.CODE DISTRIBUTION Error! Bookmark not defined.

ETHICAL CODE OF CONDUCT OF M+S HYDRAULIC PLC AND ITS SUBSIDIARIES

1. INTRODUCTION

"M+S Hydraulic" PLC is a leading manufacturer of hydraulic products and accessories for them. Our products are widely used in all branches of industry and heavy engineering. The company has an 8% market share in the total sales of hydraulic products worldwide and is the fifth brand in the world.

"M+S Hydraulic" PLC is a parent company that includes three subsidiaries - "LIFAM HIDRAVLIKA" DOO, Serbia, established in 2012, "M+S HYDRAULIC POWER TRANSMISSION" GMBH, Germany, established in 2014 and "OLEOTECNO HYDRAULIC COMPONENTS" SRL, Italy, established in 2023. All of them form M+S Hydraulic Group.

This Ethical Code of Conduct of M+S Hydraulic Group includes the fundamental principles, rules and values that form the framework of corporate behavior and determine our daily behavior and practice as well. This set of rules and principles describes the behavior we expect from our employees, as well as the way we conduct business with our customers, suppliers and other partners. Companies from M+S Hydraulic Group always operate according to the relevant framework of laws, regulations and internal policies. Since we are aware that the legal framework may not cover all types of ethical and business conduct, we consider like important that all our customers, suppliers, partners and other interested parties are fully aware of our understanding and principles of work.

Actual Ethical Code of Conduct of M+S Hydraulic Group is based on the ten principles of the UN Global Compact, which aims to ensure that companies will adhere to the ten universally accepted principles of human rights, working conditions, environment and fight with corruption.

The combination of Code with the principles and values of M+S Hydraulic Group represents the basis for the development of trust, which plays a key role in the sustainable success of our business.

2. OUR BUSINESS PRINCIPLES

From the very beginning of its activity, our company has been guided by the understanding that it can be competitive and efficient while operating in compliance with its principles and social responsibility.

This understanding defines our responsibilities to all who are involved in our business. Commitment to the principles and our social responsibility are daily confirmed, by the behavior of all of us, and they are essential to maintain our direction of development.

Management considers like own responsibility to inform all employees, partners and suppliers of the Company about the principles that guide its activity.

Company's activity, in regards to any related group, is part of the following context:

- **Regarding our shareholders:** Our aim is to protect their investment and ensure satisfactory return on their capital under conditions of full transparency.
- **Regarding our customers:** We give our best efforts to provide quality products and services on competitive terms, which are satisfying our customers.
- **Regarding our employees:** We understand that our strength are our employees. Respecting their rights, guaranteeing good and safe working conditions, non-discrimination and the opportunity to develop our employees, is a prerequisite for achieving our corporate goals.
- **About our business partners:** We believe in mutually beneficial relationships with customers, suppliers of products and services, as well as with contractors who work with us so we are committed to complying with the Ethical Code of Conduct in relation to them. They are committed to the same as well.
- **Public Relations:** We operate as a responsible corporate citizen and contribute to the prosperity and progress of society in general.

3. HONESTY AND BUSINESS STANDARDS

Companies from M+S Hydraulic Group are committed to working with integrity. We adhere to ethical business practices and conduct our activities with transparency and reliability. We believe that the development and success of M+S Hydraulic Group should be based on the excellence of our products and services. Corrupt or any other unethical practices are expressly prohibited in our companies. We do not tolerate corruption, money laundering, bribery, extortion, fraud or other immoral or illegal activities. Our results and competitiveness are achieved entirely through legal practices.

3.1. Gifts, invitations and other donations

It is strictly forbidden to accept gifts, invitations or donations that could lead to questioning our integrity or look like they influence our professional decisions. Gifts should be refused politely, in a way that does not represent disrespect to the gift giver. It is mandatory that the employee informs his manager immediately about any situation related with the problem of proposing and accepting gifts.

An exception is allowed only for promotional items and souvenirs of insignificant value (cite as pens, calendars) where their acceptance would not lead to an interest conflict.

3.2. Sponsorship and Donations

In context of Corporate Social Responsibility, we provide sponsorship for charitable and philanthropic purposes or to support social actions that promote education, culture, sports and environmental protection.

3.3. Corruption and Bribery Prevention

Any kind of bribery or corrupt practices, related with accepting, offering, promising or providing any funds or value to a customer, government representative, business partner or third party, are strictly forbidden, in a way that they would not affect negatively our business. In accordance with applicable anti-corruption and anti-bribery laws in the countries, where we operate, we do not allow any form of bribery between employees, business partners or any other professional practice that could create the appearance of undue influence.

3.4. Money laundering

We do not tolerate any activity that may be related to money laundering or illegal financing and we fully comply with all applicable laws and regulations in the countries where we operate. We participate in international anti-money laundering measures and take appropriate measures to fully comply with applicable regulations.

4. REGULATORY COMPLIANCE

All employees, official members, managers, board members and any person acting on behalf of a Company from M+S Hydraulic Group, are expected to comply with the applicable legal framework and rules, as well as to comply with the imposed restrictions. All employees are personally responsible for compliance with the laws and internal regulations of the Companies, part of M+S Hydraulic Group. Main priority is compliance with legislative regulations and internal instructions, as well as the subsequent conduct of compliance with laws and lawful conduct. In case of any conflict between the law and the principles contained in this Code, the law shall prevail.

5. CONFLICT OF INTEREST

A conflict of interest occurs when the personal interests of employees interfere or hinder their ability to act in the best interests of a Company, part of M+S Hydraulic Group

This conflict may occur when a Company employee takes an action or has interests, which would make difficult for him to take precise objective judgment and effectively perform his duties or in cases where a Company employee, relative or friend receives a personal benefit, due to a position held in the Company.

An employee of the Company has no right to offer his work simultaneously to a competitor, customer or supplier of the Company, he must avoid any direct or indirect transactions with the customers / suppliers / competitors of the Company, except for the necessary actions that are aimed at the implementation of the obligations undertaken on behalf of the Company.

Any action that may lead to a conflict of the employee's personal interests with those of the Company is prohibited unless approved by Company's Management.

• **Disclosure/reporting of potential conflicts**

Employees must promptly disclose to the Company essential information regarding any relationship, ownership or business interest (other than non-controlling investments in publicly traded corporations), direct or indirect, that the employee or a member of his/her immediate family has with any person or in any business or enterprise that:

1. competes with the Company; or
2. buys or sells or seeks to buy or sell goods or services to or from the Company.

• **Protective steps**

When disclosing the information described above, the Company will take appropriate steps to protect against any actual or potential conflict of interest. Such steps may include:

1. requiring the employee to refrain from participating in any decisions made by the Company regarding his relationship with such person, business or enterprise; or
2. requiring the employee to refrain from participating in transactions on behalf of the Company with such a person, business or enterprise; or
3. requiring the employee to relinquish his/her interest in such business or enterprise if he/she wishes to remain employed by the Company.

6. FAIR TRADE PRACTICES

We are committed to operating in a context of free and fair competition. Our competitive position is based entirely on factors, related to our professional success, most specifically to our ability to create innovations, quality, efficiency, reliability and fairness. We are therefore obliged to comply with competition laws when dealing with our competitors, business partners and customers. All our employees undertake to comply with the requirements of antitrust legislation and the law on protection of competition.

Company prohibits any conduct that is intended to or constitutes an obstacle, restriction or distortion of free and fair competition.

7. RESPONSIBLE USE OF CORPORATE ASSETS

All employees from a Company, part of M+S Hydraulic Group, must protect the Company's assets, use them in an appropriate and responsible manner and only for the planned business purposes. Corporate assets include tangible (facilities, software, equipment, furniture, stationery, etc.) and intangible corporate assets, e.g. business or marketing plans, patents, utility models, ideas, payroll information, etc. All rights to assets and all information that is created or obtained in the course of the employment of an employee or related person with the Company shall remain exclusive property of the Company, unless something else is provided by the applicable law.

8. INFORMATION MANAGEMENT

8.1. Data protection

In all business processes, we guarantee protection of confidentiality according to the actual legislation. Any business or commercial information, trade secrets, but also other exclusive information about Company from M+S Hydraulic Group, contracts, projects, financial data, customers, suppliers and partners, must be treated as confidential information. This information must not be disclosed to persons or organizations outside the Company or to Company employees, who do not have the necessary permissions.

Employees from the Companies, owned by M+S Hydraulic Group, during their employment relation with the Company, but also after their termination, undertake not to disclose confidential information to third parties, but must handle business and confidential information with the highest degree of discretion.

Company is listed on the stock exchange and is subject to the relevant specific regulations, related to the disclosure of information and use of classified information.

8.2. Internal information

Inside information includes all non-public information that investors would consider like important when making investment decisions. The management of such information should be carried out under conditions of strict confidentiality and must not be accessible to third parties. The acquisition, sale or listing for the purchase or sale of securities, based on classified information is prohibited.

8.3. Personal data protection

M+S Hydraulic Group accepts its obligations according to the General Regulation on the Personal Data Protection Regulation (EU) 2016/679 and the relevant Bulgarian legislation. We are committed to protecting the privacy of the personal information, which we collect

about our employee candidates, current and former employees, partners and board members, for recruiting, human resources management and payroll purposes.

For this purpose, only the necessary information, which is required by the authorities or which contributes to the effective operation of a Company, part of M+S Hydraulic Group, is declared and stored, by making reference to the "POLICY FOR THE PERSONAL DATA PROTECTION IN M+S HYDRAULIC". Information of this nature and especially the personal data of employees are considered confidential and only competent authorized personnel have access to it.

The competent leading supervisory authority regarding the protection of personal data processed by M+S Hydraulic Plc is the Personal Data Protection Commission of Republic of Bulgaria.

8.4. Information systems security

The availability and integrity of Information systems of a Company, part of the Group is from fundamental importance. Personal and professional data are protected from unauthorized access, loss or manipulation by any technical tools, according to the national legislation.

8.5. Misuse and use of confidential information

During your employment, you may have access to information, which is not known to the wide public society, information about the Company, Company's customers or its business partners and suppliers, which is called confidential information. Confidential information is protected by secret and confidentiality as an asset of the Company, respectively all employees are obliged to maintain the confidentiality of this information and do not have the right to disclose it to third parties, including their relatives, without the prior approval of Board of Directors.

8.6. Confidentiality of information

All confidential business information of M+S Hydraulic Group must be protected and all employees who, due to their position in Group Company, manage or have access to confidential information, which affects the Company itself or its customers, partners, suppliers or employees must protect and maintain absolute confidentiality. Employees undertake, in the performance of their duties and in any type of transaction or relationship with third parties, not to disclose or provide in any way information or events to the Company that are secret and confidential. Secret or confidential information is that one, which has not been publicly disclosed or is not in the public domain. Secret or confidential information may include (references are for example only), business or financial plans, financial or technical data, contracts, personal data of employees, significant administrative changes, related to the development and strategy of the Company. Secret or confidential information can also be information, which is related to patents, utility models, business research data, new product plans, pricing policies, customer and supplier lists.

The obligation to protect confidential information also includes information, which is stored in information systems, other corporate devices or stored in physical form.

The obligation to protect and preserve the confidential information continues to apply even after termination of employee's employment relationship with the Company.

8.7. Communication

The information in our communication is complete, fair, accurate and understandable. We are committed to start timely, objective and fair communication with our stakeholders, employees, customers, government representatives, regulators and medias. All employees, involved in information sharing process are responsible for consistent behavior according to this policy, as communication is essential for all business activities.

8.8. Protection of intellectual property

Intellectual property of M+S Hydraulic Group are:

- patents, utility models and innovations;
- trademarks and other items of intellectual property;
- trade secrets and other confidential information.

These are some of the greatest values that all employees should uphold.

Meanwhile, it is necessary to respect the existing intellectual property rights of others. Improper use may expose the company and/or its employees to the risk of claims for compensation, financial penalties or criminal prosecution.

The key to protecting our intellectual property, on one hand, is the timely and adequate assessment of Company's new products, services, processes, software and other potential objects of intellectual property, from the point of view of whether they represent possible inventions and/or possess certain distinctiveness /originality, and/or constitute a trade secret for the Company. On the other hand, the violation of the intellectual property rights of other entities should not be allowed.

9. BUSINESS PARTNER RELATIONS

The relations of M+S Hydraulic Group Companies with their business partners are characterized by the principle of fairness. A company from the Group will not offer to customers, potential customers, municipal and state representatives and institutions, government agencies or other representatives of the same, any rewards or benefits in violation of current law or generally accepted business practices. Company employees undertake not to offer payments, gifts or any other form of remuneration from third parties,

which could influence or appear to influence their objectivity in making decisions on professional matters.

We also expect our business partners to comply with applicable laws, generally accepted standards of social responsibility and our founding principles and values as described in this Code.

9.1. Relations with customers

Relationships we maintain with our clients are based on integrity and respect. We are committed to providing our customers with high-quality products and services and seeking long-term cooperation, creating and maintaining relationships, based on trust and mutual satisfaction. It is not allowed to make personal profits in our cooperation with them and it is also forbidden to offer services that they do not need or that do not meet their needs in long term. We are committed to protecting the personal identification data we receive and process and which is required under applicable law, in order to be able to cooperate with our customers and suppliers.

9.2. Relations with suppliers

Deliveries are processed in accordance with the laws and regulations of the countries where the Company carries out its main activity. Company expects its suppliers to comply with the Ethical Code of Conduct of M+S Hydraulic Plc and supports suppliers who comply with the regulatory requirements for environmental protection, for safety and health at work and are socially responsible as well.

The goal of M+S Hydraulic is always to maintain its activities by guaranteeing reliable and continuous sources of supply. We provide all potential suppliers with common and equal opportunities and all decisions we make are based on objectively clarified criteria, set out in advance in the auditing and evaluation of suppliers. In addition, Company guarantees compliance with the Code of Ethical Conduct of M+S Hydraulic Plc by the suppliers, which is set as go/no go criterion during the initial evaluation of the supplier.

9.3. Relations with state, municipal, public institutions, banks, medias and other external communications

All relations between the Group Companies and state, municipal, public institutions and banks are based on the principles of fairness, transparency, cooperation and non-interference, as well as on full respect for the role played by each individual entity. Any behavior, which could be interpreted as insidious or to the detriment of the above principles is considered like unacceptable;

Company does not support any events or initiatives that have a wholly or predominantly political purpose;

The main role of medias to inform the society and in particular the customers, is assessed;

Supporting of institutions, schools, hospitals and other organizations is a moral obligation of the Company and an expression of social empathy.

10. FAIR TRADE PRACTICES

We are committed to operating in a context of free and fair competition. Our competitive position is based entirely on factors, related to our professional success, specifically our ability to innovate, quality, efficiency, reliability and fairness. Therefore, we are obliged to comply with competition laws when dealing with our competitors, business partners and customers.

All our employees undertake to comply with the requirements of antitrust legislation and the law on protection of competition. M+S Hydraulic Group prohibits any conduct, which aims at or constitutes an obstacle, restriction or distortion of free and fair competition.

11. PROTECTION OF HUMAN RIGHTS

We are committed to the protection of human rights, which are disposed in the UN Universal Declaration of Human Rights and the Labor Convention of International Labor Organization (ILO). We are committed to ensuring that our relationships are characterized by dignity and respect. All employees in the Company have the same opportunities and their personal performance is evaluated entirely on the basis of their qualifications, skills and achievements. We respect diversity and demonstrate zero tolerance for all forms of discrimination, because it is not allowed, but also because we explicitly believe that this diversity sets us apart and makes us stronger. We do not use any form of forced, compulsory or child labor. Insulting, humiliating or threatening behavior, as well as any kind of harassment, is unacceptable.

11.1. Protection from discrimination - equal opportunities

We do not tolerate any type of discrimination or discrimination, related to gender, religion, age, nationality, social or ethnic origin, disability, views, sexual orientation or trade unionism. These principles are applicable and applied when hiring new employees, as well as during collaboration and professional development of our people. The only factors considered are: experience, personality, efficiency, skills and qualifications of each employee. In addition, diversity at every level of the workplace is encouraged.

11.2. Gender equality

M+S Hydraulic Group favorize equality between women and men.

The principle is based on:

- equal opportunities for women and men in all activities/departments of the companies;

- equal access of women and men to all resources;
- equal treatment of women and men and non-admission of gender-based discrimination and violence;
- balanced representation of women and men in decision-making departments;
- overcoming gender stereotypes.

11.3. Freedom of association and collective bargaining

M+S Hydraulic Group respects the right of our employees to join, form or not join a trade union without fear of reprisals, threats or harassment. When employees are represented by a legally recognized union, we are committed to establishing a constructive dialogue with their freely elected representatives. Company undertakes to negotiate in good will with such representatives.

11.4. Modern slavery /forced labor/

Modern slavery is a crime and a violation of basic human rights. Examples of this are slavery, forced and compulsory labor, forced labor, human trafficking, all of which involve the deprivation of a person's liberty, in order to be exploited for personal or commercial gain.

M+S Hydraulic Group does not use and does not support the use of all forms of modern slavery - forced labor, including prison labor, bonded labor, military labor, slave labor and any form of human trafficking. Use of physical punishment or threats of violence or other forms of physical, sexual, psychological or verbal abuse as a method of discipline or control will not be tolerated in the workplace. M+S Hydraulic Group is committed to acting with integrity in all business dealings and relationships, and to implementing and encouraging effective systems and controls to ensure that modern slavery does not exist anywhere in our business and in our subsidiaries, by demanding and expecting the same high standards from all our suppliers and business partners.

11.5. Child labor

M+S Hydraulic Group respects the rights of children, including the right to education, the right to rest and play, and the right to have their basic needs met. For this reason, M+S Hydraulic Group does not use or support the use of child labor, which means that M+S Hydraulic Group does not allow children to work in the companies. As an exception, young employees can only be employed for the purpose of conducting work practices in pre-approved specialties, such as practical training under a dual system of education for the acquisition of work experience or in short-term traineeships, approved by the companies, but they are never allowed to perform work that may endanger their health and safety or hinder their education or vocational guidance and training, they are exempt from overtime and night shifts.

We make sure that the young workers employed are above the required minimum age for work and above the local age for completing mandatory education, that work is easy to perform, safe and enables the child to have access to education. The employment of young workers is executed in close cooperation with their parents, necessarily in the presence of the relevant mentor and according to the requirements of the organizations that protect the needs and rights of children.

M+S Hydraulic Group complies with the definitions of the International Labor Organization (ILO) for the minimum age to access to employment or work. This age must not be less than the age for completing mandatory education and in any case not less than 16 years.

11.6. Harassment and violence

All forms of harassment (including all forms of sexual harassment and harassment from any other legally protected category), threats, rude or disrespectful behavior, as well as offensive comments that occur during work, in connection with, or arising in relationship with it, including violence and gender-based harassment and sexual harassment are prohibited. In addition, any form of threat or violence in the context of professional actions on or off Company's premises is prohibited. Any form of harassment is immediately reported not only by the victim, but also by any person who becomes aware of this fact.

11.7. Training and personal well-being

M+S Hydraulic Group recognizes the importance of training and personal development for its employees.

- Training

M+S Hydraulic Group arranges and covers the costs of training in matters it considers related to the employee's work and/or functions. Training and development opportunities for employees are determined periodically and when considered as a need, employee training is organized.

- Personal well-being

Personal well-being (in terms of suitability for work) is considered like shared responsibility of M+S Hydraulic Group and the employees. This shared responsibility should be based on the contribution that both parties are willing to make financially and/or in terms of time invested in further education and training. M+S Hydraulic Group encourages its employees to participate in additional training courses and supports them when additional training is considered like necessary. M+S Hydraulic Group will promote policies, which are supposed to develop skills related to the activity of companies and according to the talents of their employees.

11.8. Working time

M+S Hydraulic Group recognizes the right to work, rest and recreation, and therefore always complies with local laws and regulations regarding working hours and overtime. In addition, according to the report of the International Labor Organization (ILO) in regards to application of conventions and recommendations, related to working hours, in general M+S Hydraulic Group does not require its employees to work more than a maximum of 48 hours per week (except in cases, depending on local laws) and provides at least one day of interweekly rest. On that way, M+S Hydraulic Group aims to guarantee safety at the workplace and promote a healthy balance between professional and personal lives of its employees.

11.9. Wages

M+S Hydraulic Group complies with the legal requirements for minimum wage and minimum insurance thresholds, set by the government of the country where company operates locally. M+S Hydraulic Group tries to compensate its employees for the work done and the results achieved with wages that guarantees an adequate standard of living. Wages policy emphasizes on internal equality and external comparability, and competitiveness within a given labor market.

12. GUARANTEE OF HEALTH AND SAFE WORKING CONDITIONS

The goal of M+S Hydraulic Group is to offer to its employees safe working environment and to create a safety culture in the workplace.

Company recognizes health and safety at work as an absolute priority. Avoiding accidents and creating and maintaining a work environment where risks are identified, assessed, prevented and eliminated is our primary concern.

We are committed to develop and implement effective workplace health and safety systems, standards and practices, which are consistent with our business.

Company executes the workplace health and safety program, which aims to provide and maintain healthy and safe working conditions and minimize risks to employees, visitors, contractors and those persons who may be affected by Company's activities, while meeting customer expectations for safe products and high quality services.

Employees are prohibited from consuming alcohol and drugs during work, on the territory of Company premises or off Company premises but on official business, or while driving Company-owned or leased motor vehicles. This prohibition applies to any other work site, to which employees could be sent during working hours. In addition, it is forbidden to work under the influence of alcohol or prohibited substances.

13. ENVIRONMENT PROTECTION

The environment does not belong to us, we take it temporarily from future generations and must return it to them in condition, which is good for life.

M+S Hydraulic Group is strongly committed to conducting all its commercial activities with a sense of social responsibility, takes into account the impact that its activities may have on the environment and its sustainable development goals, and is committed to maintaining its work activities in accordance with the current legislation and the implementation of high environmental standards at the intra-corporate level.

M+S Hydraulic Plc is a responsible company and works continuously to reduce the impact of our production on the environment and we strive to always maintain and use environmentally friendly solutions in our products, processes, supplies and materials, while at the same time avoiding adverse impacts, which may affect the health of our employees and harm and impact biodiversity.

Company has its own wastewater and industrial water treatment plant and an implemented waste management system, thus preventing its production from polluting the environment in any way.

At the same time, our company strives to reduce energy consumption and works promptly and continuously to achieve energy efficiency. In this regard, M+S Hydraulic Plc has set itself the goal of using energy more efficiently in its production and administrative parts and has invested in roof system of solar panels, which additionally contribute to reducing energy consumption.

14. REPORTING FOR CODE VIOLATIONS

All employees have the right to report to their supervisors for cases where the content of the Ethical Code of Conduct appears to be violated. The above disclosure may be submitted anonymously, it is carefully investigated and resolved through procedures that ensure secret and confidentiality of the name of the person making the report, unless otherwise required by law. Every complaint is verified and appropriate measures are taken to eliminate and prevent recurrence.

Company encourages all employees to report violations through one of several channels available to them without fear of reprisal. Employees can contact:

- Their immediate supervisor or manager at the next level;
- Human resources manager;
- Telephone: 0431/62449 from 8.30 a.m. to 3.30 p.m. on working days;
- Email: signal@ms-hydraulic.com

- Address: Bulgaria, Stara Zagora Region, Kazanlak Municipality, Kazanlak City, Kozloduy St. No. 68 to M+S Hydraulic Plc with the text "Signal for Violation of the Code of Ethical Conduct".

M+S Hydraulic Group is ready to investigate and respond to any concerns of its employees and to take necessary corrective actions in response to potential violations.

The aim is to make reporting as easy as possible and to ensure widest possible accessibility. All complaints are handled independently, impartially, without instructions, carefully and confidentially by the persons responsible for handling reports or complaints of violations. The principles of due process and the protection of the whistleblower are paramount.

The Company does not allow and will not tolerate repressive measures by third parties or adverse treatment of the employee who files a whistle in good faith to protect the interests of the Company.

Reports will be investigated and corrective and retaliatory action will be taken where required.

15. CODE MODIFICATION

The Ethical Code of Conduct has been ratified by the Board of Directors of M+S Hydraulic and can only be amended or canceled by them. All modifications or cancellations are duly disclosed.

16. CODE DISTRIBUTION

The Ethical Code of Conduct is disclosed to employees by distributing a copy (electronic or hard copy) by receipt. Newly appointed employees are familiarized with the Code on the day of entry. In addition, the Ethical Code of Conduct is published on the Company's intranet and website and distributed to all employees. The company website www.ms-hydraulic.com is also accessible to all our partners - customers, suppliers, external institutions, and we expect them to also share our ethical and business principles.

Behavior, inconsistent with the rules of the Ethical Code of Conduct, is not tolerated by the company, and non-compliance is a violation of labor discipline under Art. 187, item 8 of the Labor Code and is sanctioned with disciplinary penalty according to the relevant order.

□ □ □ □ □

The Ethical Code of Conduct was adopted by the Board of Directors on 25.01.2024 and supersedes the Ethical Code of Conduct adopted on 16.03.2017.