

SUSTAINABILITY REPORT 2024



FROM OUR CEO



Frida Norrbom Sams, CEO.

GROWTH AND SUSTAINABILITY: OUR FUTURE

The past year has been transformative for Hydroscand, marked by significant growth, operational advancements, and a strengthened commitment to sustainability. Despite global uncertainties, we continue to invest in our business, our people, and our future.

We have made great strides in improving our operations and expanding our footprint. Our Norwegian colleagues are leading the way as the pilot for our new ERP system, making a successful go-live in the first quarter of 2025. In Sweden, we have moved our head office to a new building in Älvsjö, doubling the capacity of our Swedish AutoStore and reinforcing our supply chain.

In France, we have relocated Hydroscand France, along with Clarel and Pathel—two companies acquired in late 2022—into a new joint main office in Lyon. The Clarel brand has now been fully integrated into Hydroscand, adding six new branches to our French operations. This marks a significant step toward our ambition of making France one of our largest markets.

In the UK, our growth continues with the recent acquisitions of Park Hose and Gaskets and Mobile Hose Services. These businesses bring valuable expertise in composite hose solutions and on-site hydraulic hose maintenance, further strengthening our UK capabilities.

Along these business developments, we remain deeply committed to sustainability. In 2024, we have focused on aligning with the Corporate Sustainability Reporting Directive (CSRD), ensuring compliance while increasing transparency in our reporting. Completing the Double Materiality Assessment (DMA) has been a key milestone, helping us refine our priorities and accelerate meaningful action.

Our efforts are paying off. Customer satisfaction, both overall and specifically regarding our sustainability performance, continues to rise. We take pride in being a trusted partner, using tools like Ecovadis to benchmark our progress and identify areas for continuous improvement. Strengthening supplier relationships has been another priority, particularly as we deepen our focus on Scope 3 emissions. Collaboration across our value chain is essential to reducing our environmental footprint and driving real impact.

We firmly believe that growth and sustainability must go hand in hand. By continuously improving, innovating, and collaborating, we are confident that we can create long-term value—not just for our business, but for society as a whole. Together, we are building a more sustainable and resilient future.

Frida Norrbom Sams
CEO, Hydroscand Group

A blue ink handwritten signature of Frida Norrbom Sams, consisting of stylized initials and a long horizontal flourish.

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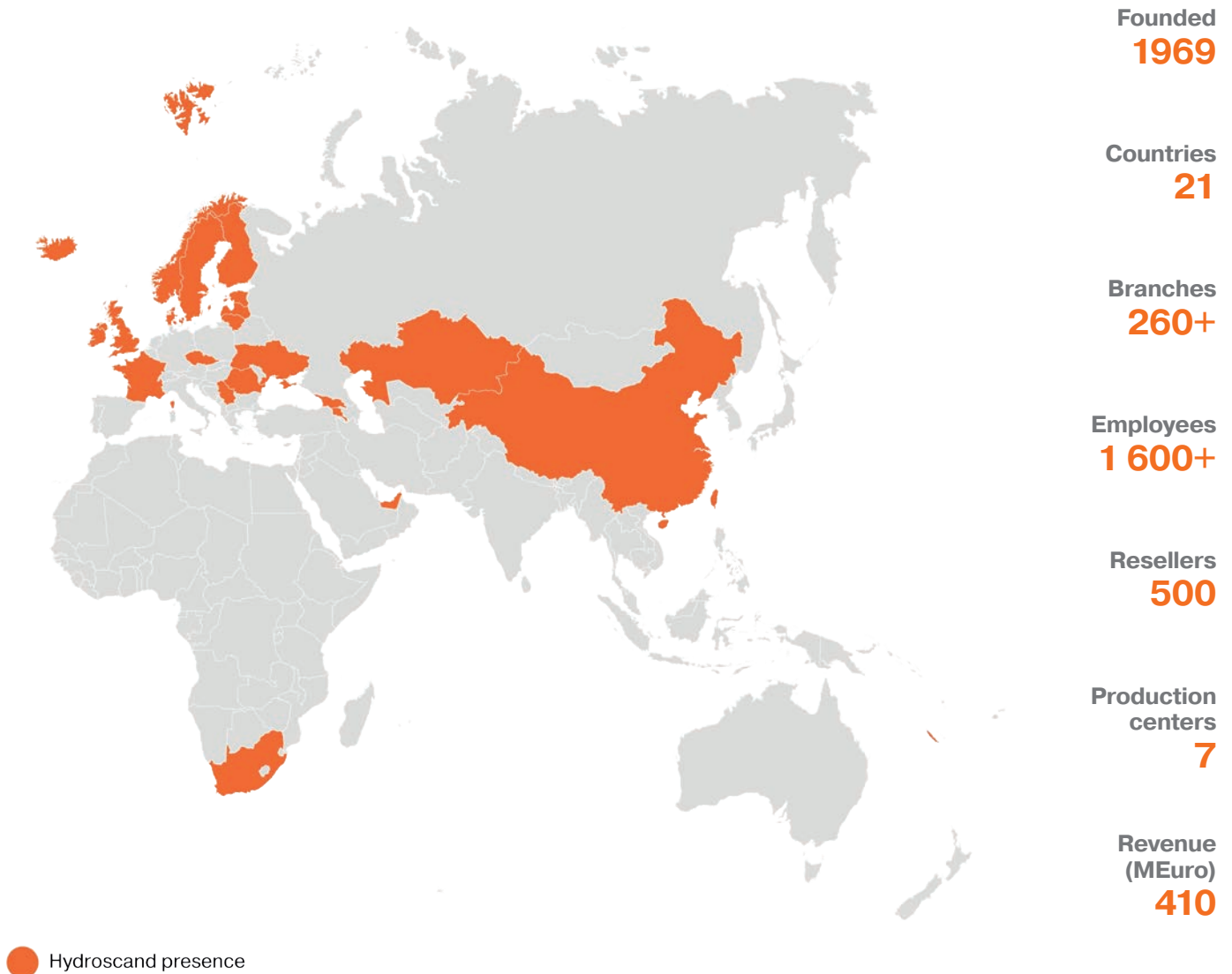
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HYDROSCAND IN BRIEF

Hydroscand - an international family-owned business - provides solutions and services for hoses, fittings and related products through a customer-driven and decentralized organization. Founded in 1969, we have grown to serve customers across 20+ countries, offering tailored services to meet the unique needs of industries worldwide.

With a dedicated team of over 1 600 employees, we are committed to delivering quality products and outstanding customer service. Our strategically located branches and HoseExpress mobile service units provide quick, convenient access to a complete range of products and services, maximizing productivity and minimizing downtime. With specialized OEM solutions including advanced products for the automotive sector, we ensure reliable performance and support for critical industries. Our advanced service offerings, including HoseOnSite, ensure efficient, on-site assistance, minimizing downtime and keeping operations running smoothly. As experts in hose assembly, our safe, high-quality production machinery is tailored for the hose assembly industry's demands.

Whether it's custom hose assemblies, preventive maintenance, or repair, Hydroscand is a trusted partner for reliable and effective solutions.





OUR CORE VALUES

Hydroscand, with more than 1 600 employees in >20 countries, works to support our customers with solutions and services every day.

We are driven by our core values:

CUSTOMER FOCUS

We consider the customer in everything we do, and the entire company is aligned with the needs of the customer. We constantly measure what our customers think about us and always strive to exceed our customers' expectations.

INNOVATIVE

We aim to be innovative and curious to find new solutions and services for our customers.

ENTREPRENEURIAL

Local entrepreneurship is part of our DNA, and combined with key functions in an international company, it makes us strong and quick to react.

TRUSTWORTHY

We are honest and act responsibly with a long-term perspective. Quality and safety matter to us. We strive to create a safe working environment and secure a sustainable future for society, our customers, and our employees.

OUR OFFERINGS

COMPLETE PRODUCT RANGE

Hydros cand offers a complete range of hoses and fluid components with over 85 000 items. Beyond hydraulic and industrial hoses, we also sell all types of hose couplings, adapters, fittings, ball valves, pipes, mounting technology, swivels, crimping machines, measurement equipment, filters, pneumatic technology and a variety of related accessories.

EXTENSIVE SERVICE OFFERING

We offer differentiated services, always strategically positioned to support our customers' operations. Hose service branches, mobile hose service, pipe bending, design and testing (HDTc), training and safety education, TrackingCode, HoseOnSite, Zero Leakage, 3D CAD support, CLS, machine service, and more.

GLOBAL PRODUCTION SOLUTIONS

We deliver tailor-made solutions for hoses and fluid components with a strong local support from our worldwide production centers, helping our OEM customers increase productivity and profitability. Our production centers have a capacity of more than >100,000 hoses per week, kit and batch production compliant, design services, lab testing, cleaning and training, stock and logistics services, and custom-made labeling, including a rigorous quality process with full traceability.



OUR COMMITMENT TO SUSTAINABILITY

Sustainability is a strategic priority for long-term profitable growth. We seek to contribute to a better environment while increasing the company's competitiveness. We believe that we have an important part to play in achieving the UN Sustainable Development Goals, the world's shared blueprint for eradicating poverty, fighting inequality, and stopping climate change by 2030.

The global goals also indicate where new solutions are needed, creating favorable business opportunities for Hydroscand. Our focus is on goals 5, 8, 12, and 13, where we can contribute through our operations, solutions, and expertise.

SDG 5 GENDER EQUALITY

A corporate culture based on diversity contributes to the positive future development of Hydroscand. We value diversity and foster fair treatment and equal opportunity in the recruitment, remuneration, development, and advancement of employees, regardless of ethnicity, religion, political opinion, gender, age, national origin, language, sexual orientation, marital status, disability, or any other factor. Discrimination or unfair treatment is not tolerated.

5 GENDER EQUALITY



SDG 8 DECENT WORK AND ECONOMIC GROWTH

Economic growth and financial progress create job opportunities, and we must ensure that such jobs are decent, safe, and non-harmful to the environment. Hydroscand promotes good working conditions and the safety of our employees, customers, and partners. We require suppliers to respect labor rights and adhere to anti-corruption principles.

8 DECENT WORK AND ECONOMIC GROWTH



SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The natural resources provided by the planet must be used responsibly. In our daily operations, we offer solutions to promote recycling and reuse of waste material and the safe final disposal of our used products. We can contribute to goal 12 by optimizing purchasing, production processes, and waste management.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



SDG 13 CLIMATE ACTION

We need to take immediate action to combat climate change. We acknowledge this situation by increasing awareness of and knowledge about the climate situation. A key objective here is to reduce our greenhouse gas emissions, and 2022 was the first year we mapped out our greenhouse gas footprint, setting a baseline our improvement potential.

13 CLIMATE ACTION



HOW WE WORK WITH SUSTAINABILITY

Our sustainability work is characterized by responsibility, transparency, ethical behavior, and respect for our stakeholders. We aim to strengthen the basis for long-term value creation and its contributions to sustainable development, driven by our defined corporate ESG agenda.

An essential part of this is taking responsibility for the impact of our activities and decisions on the environment, society, and people. We are also implementing dedicated programs and a governance structure to integrate sustainability further into our daily business. We maintain an active, ongoing dialogue with our stakeholders to ensure that Hydroscand's priorities and methods are relevant over time and that we are determined to drive change with our employees, customers, and partners. We aim to take the lead in advancing sustainability in our industry.

Regarding the UN Sustainable Development Goals, Hydroscand is developing sustainability in three focus areas, each defined to form part of the long-term backbone of our sustainable development and future actions.

We evaluate our sustainability initiatives and outcomes using the EcoVadis platform and assessment framework.

Hydroscand Group has been awarded a Silver Medal, placing us among the top 15% of all rated companies. This achievement is based on our 2024 performance, and our next goal is to reach the Gold level.



ENVIRONMENT RESPONSIBLE CONSUMPTION & PRODUCTION

Because we acknowledge climate change and its consequences, we strive to make better choices and optimize production and consumption.

Together with our customers and suppliers, we are acting to become more sustainable.



SOCIAL IT IS ALL ABOUT THE PEOPLE

We care about our employees, and we provide safe workplaces for them. We also work towards ensuring equal working conditions throughout the supply chain. We help communities thrive and address social change.



GOVERNANCE FROM RESPONSIBLE PURCHASING TO CUSTOMER RELATIONS

We take responsibility for our purchasing and choice of suppliers. We play fair with a strict Code of Conduct and strive to work with suppliers and partners that share our goals.

SPOTLIGHT ON EASTERN EUROPE: SUSTAINABLE GROWTH IN A CHANGING ENVIRONMENT



Anna Forsberg, Head of Eastern Europe.

Hydroscand has a strong presence in Eastern Europe, with nearly 70 branches across seven countries. Leading operations in the region is Anna Forsberg, Head of Eastern Europe, who has extensive experience in leadership and business development. In this interview, she shares her insights on the evolving business climate, sustainability efforts, and how diversity strengthens Hydroscand's position in the market.

NAVIGATING A CHANGING BUSINESS CLIMATE

The Eastern European market is currently shaped by geopolitical tensions, economic fluctuations, and shifting customer needs. Adapting to this complex environment requires strategic leadership and the ability to respond to rapid changes.

"The business climate is undeniably influenced by global events," says Anna. "The ongoing security crisis has created significant uncertainty, and at the same time, Europe is facing an economic downturn. The slowdown in Germany has had a major impact on Eastern Europe, as many companies in the region are suppliers to German industries. Additionally, the stalled housing market in Scandinavia is affecting the Baltic timber sector."

Despite these challenges, she also sees clear opportunities.

"Infrastructure and defense investments are increasing due to the security situation, which is driving demand for our products. This allows us to strengthen our position and continue growing in the region."

COMPETITIVE ADVANTAGES AND GROWTH STRATEGY

In a competitive market, differentiation is key. Hydroscand stands out through its focus on quality, expertise, and customer service.

"We have modern stores and a broad product range. Traditionally, we have focused on walk-in customers who come to us with urgent problems, and while that remains important, we must also become better at anticipating long-term customer needs. Digitalization, service agreements, and targeted marketing are areas where we see great potential for development." Anna explains.

Hydroscand's growth strategy varies between established and emerging markets.

"Where we are already well established, our focus is on refining our offering—improving stores, expanding the product range, enhancing HoseExpress, and continuously developing our employees' expertise," she says. "In newer markets, the priority is on opening more stores, recruiting and training staff, and building strong sales channels."

SUSTAINABILITY AS AN INTEGRAL PART OF THE BUSINESS

Sustainability is a central part of Hydroscand's brand, rooted in our commitment to quality. While customer demand for sustainable solutions varies across markets, we continue to integrate sustainability into our products and services to drive long-term value.

"In Eastern Europe, sustainability is not as high on the agenda as it is in Scandinavia, but we are seeing a shift. EU regulations and overall European trends are pushing development in the right direction," Anna says.

Hydroscand is actively working to reduce its environmental impact in the region. One key initiative is the recycling service, which allows customers to leave used materials behind after repairs.

"We offer recycling across all our markets. This helps us reduce waste and support our customers in making more sustainable choices."

Other efforts focus on minimizing waste and energy consumption.

"We've installed solar panels on some buildings, lowered warehouse temperatures to save energy, and reduced packaging materials when transporting goods between locations. Moving forward, we will focus even more on working closely with our suppliers to encourage them to develop more environmentally friendly products."

She believes that companies must take a long-term view when balancing sustainability and business goals.

"During economic downturns, it's tempting to deprioritize sustainability. But sustainable choices often lead to cost savings. It's not always about large investments—small, smart decisions like lowering warehouse temperatures or reusing food containers instead of using disposable ones can make a big difference."

DIVERSITY AS A SUCCESS FACTOR

Anna sees diversity as a key factor in meeting future customer expectations.

"Listening to our customers is more important than ever. Companies that fail to understand and anticipate their needs will struggle. Having a diverse team—in terms of gender, age, and cultural background—helps us stay relevant and competitive."

She also highlights the importance of diversity for attracting talent.

"For many young professionals, diversity and inclusion are basic expectations when choosing an employer. We need to ensure that Hydroscand is a workplace where everyone feels welcome and has opportunities to grow."

LEADERSHIP BUILT ON CLARITY AND TRUST

With over 25 years of leadership experience, Anna has developed a strong leadership philosophy based on clarity, trust, and empowerment.

"I often get asked what it's like to be a woman in a leadership role in traditionally male-dominated industries and cultures. My answer is simple—it works just fine! I never try to be someone I am not," she says.

For her, building a strong leadership team means creating a culture of confidence and accountability.

"I focus on developing leaders who feel secure in making tough decisions but also in admitting mistakes. This creates a work environment where we focus on results and move forward together as a team."

She believes that motivation comes from meaning—the feeling that work has a purpose and makes a difference.

"Most people want to develop, feel appreciated, and feel secure in their work. As a leader, my role is to create the best possible conditions for that—through a positive work environment, clear priorities, and open communication," she explains.

This belief applies across all locations, from Sweden to Eastern Europe.

"Regardless of whether someone is working in a Hydroscand store in Vilnius or an office in Stockholm, they need to feel that their work contributes to something bigger. That's what truly drives engagement and success."



BRINGING SUSTAINABLE SOLUTIONS TO OUR CUSTOMERS

At Hydros cand, we work closely with our customers to deliver innovative solutions and a first-class customer experience. Sustainability is a key part of our offering, and we actively collaborate with our customers through sustainability assessments, knowledge sharing, and third-party reviews of our initiatives. By listening to our customers and continuously developing our services, we can jointly reduce climate impact and support their sustainability goals.

We provide solutions, services, and products to a wide range of industries, including leading global players in the construction and mining sectors. Understanding our customers' needs is crucial to us, and we always strive to exceed their expectations. Through regular Net Promoter Score measurements and other feedback tools, we ensure that our products and services contribute to long-term, strong customer relationships.

One area where we see great potential to help our customers reduce their energy consumption and climate footprint is compressed air systems. By identifying energy losses and inefficiencies, we can contribute to both cost savings and a more sustainable operation.

ENERGY OPTIMIZATION AND LEAK DETECTION – SUSTAINABLE SOLUTIONS FOR MORE EFFICIENT COMPRESSED AIR SYSTEMS

Hydroscand's **Energy Optimization** and **Leak Detection** services help businesses improve the efficiency of their compressed air systems, reduce energy consumption, and thereby lower both costs and environmental impact. Through detailed analysis and measurement, energy losses and optimization opportunities are identified, leading to a more sustainable and cost-effective operation.

Energy optimization involves measuring compressed air consumption, air quality, energy usage, and other relevant parameters at the facility. Based on this data, we can propose actions to reduce energy consumption, carbon emissions, and equipment wear, ultimately lowering operating costs.

Leak detection focuses on identifying and locating compressed air leaks. Hydroscand uses advanced equipment to detect even the smallest leaks, allowing for quick corrective action to prevent unnecessary energy losses. By proactively maintaining the compressed air system, companies can reduce the risk of downtime and improve the sustainability of their operations.



CUSTOMER CASE: NYKÖPING VATTEN



Nyköping Vatten, a municipal wastewater treatment plant, engaged Hydroscand to optimize the use of compressed air in its facility, aiming to reduce air leaks, increase operational reliability, and lower environmental impact.

At the treatment plant, compressed air is used to control valves, stir sludge tanks, aerate sludge in water basins, and power mammoth pumps. Through Hydroscand's **Energy Optimization** and **Leak Detection** services, significant compressed air leaks were identified, resulting in high energy costs and unnecessary energy losses.

As a trusted local partner, Hydroscand was chosen to carry out analysis and corrective actions. After installing measurement equipment and performing leak detection, several major leaks were identified and addressed. A comprehensive action plan has been developed to ensure continued efficiency and operational safety.

Although it is still too early to quantify the exact impact on downtime and maintenance costs, Nyköping Vatten is already seeing positive results, including a more sustainable and energy-efficient facility. Preliminary calculations indicate that this initiative is expected to result in **energy savings of 50-70% and a reduction of CO₂ emissions by 5-6 tons per year.**

Reducing the climate footprint is a key part of the municipality's overall environmental efforts, and through Hydroscand's services, Nyköping Vatten is taking further steps toward a more sustainable and resource-efficient future.

HYDROSCAND CUSTOMERS ASSESS ESG COMMITMENT

In our 2024 customer survey, we asked respondents to evaluate our ESG efforts by answering the question:

How would you rate Hydroscand's commitment to sustainability and environmental responsibility?

Number of responses

878

Result

3,58

Scale: 1 = Very low, 5 = Very high

The results show that Hydroscand received an average score of 3.58 out of 5 for this question. While this reflects a solid level of satisfaction, it also indicates that there are areas in which we can improve. To enhance our ESG efforts going forward, we will focus on increasing transparency, setting clear and measurable sustainability goals, and ensuring that our customers can actively engage with our environmental initiatives. By taking these steps, we aim to further demonstrate our dedication to sustainability and increase customer satisfaction within this area.



DRIVING SUSTAINABLE SUPPLIER PARTNERSHIPS

At Hydroscand, we are committed to advancing sustainability initiatives and promoting new working methods. Our collaboration with suppliers is essential in achieving these goals, ensuring we work together to reduce emissions and align with ambitious environmental targets.

KEY SUSTAINABILITY KPIS FOR SUPPLIER MANAGEMENT

To ensure transparency and measurable progress, we track key performance indicators (KPIs) across our supplier base, categorized by strategic partnership and spending:

Segmentation	No of suppliers	CSR assessment completed in %	On site audit completed in %	Signed Hydroscand supplier code of conduct
A Suppliers	15	100%	15,4%	85%
B Suppliers	90	96,7%	2,2%	75%
C Suppliers	219	20,1%	N/A	18%

The key suppliers are divided into categories A, B and C based on spend and strategic partnership.

By continuously tracking and improving these KPIs, we ensure that sustainability remains at the core of our supply chain operations.

LEVERAGING TECHNOLOGY FOR SUSTAINABLE PROCUREMENT

To strengthen our sustainability efforts and optimize supplier collaboration, Hydroscand utilizes **Kodiak Hub** as a **Supplier Relationship Management (SRM)** platform. This tool enables:

- **Technology and Innovation** – Digitalizing supplier collaboration and procurement processes.
- **Sourcing and Procurement** – Embedding sustainability into supplier selection.
- **Quality Management** – Ensuring high standards for products and services.
- **Sustainability and Compliance** – Tracking environmental performance and monitoring adherence to sustainable practices.

By leveraging Kodiak, we enhance traceability and transparency in our supply chain, strengthening our ability to make informed decisions that align with our sustainability objectives. This benefits not only our business but also the environment while reinforcing Hydroscand’s brand reputation and customer trust.

This structured approach ensures that Hydroscand continues to lead the way in responsible sourcing, integrating sustainability at the core of its procurement strategy.

SUSTAINABILITY TRAINING IN PURCHASING ROLES

Ensuring that local and central purchasers integrate sustainability into procurement is a key priority. In 2024, we focused on mandatory training, achieving the following completion rates:

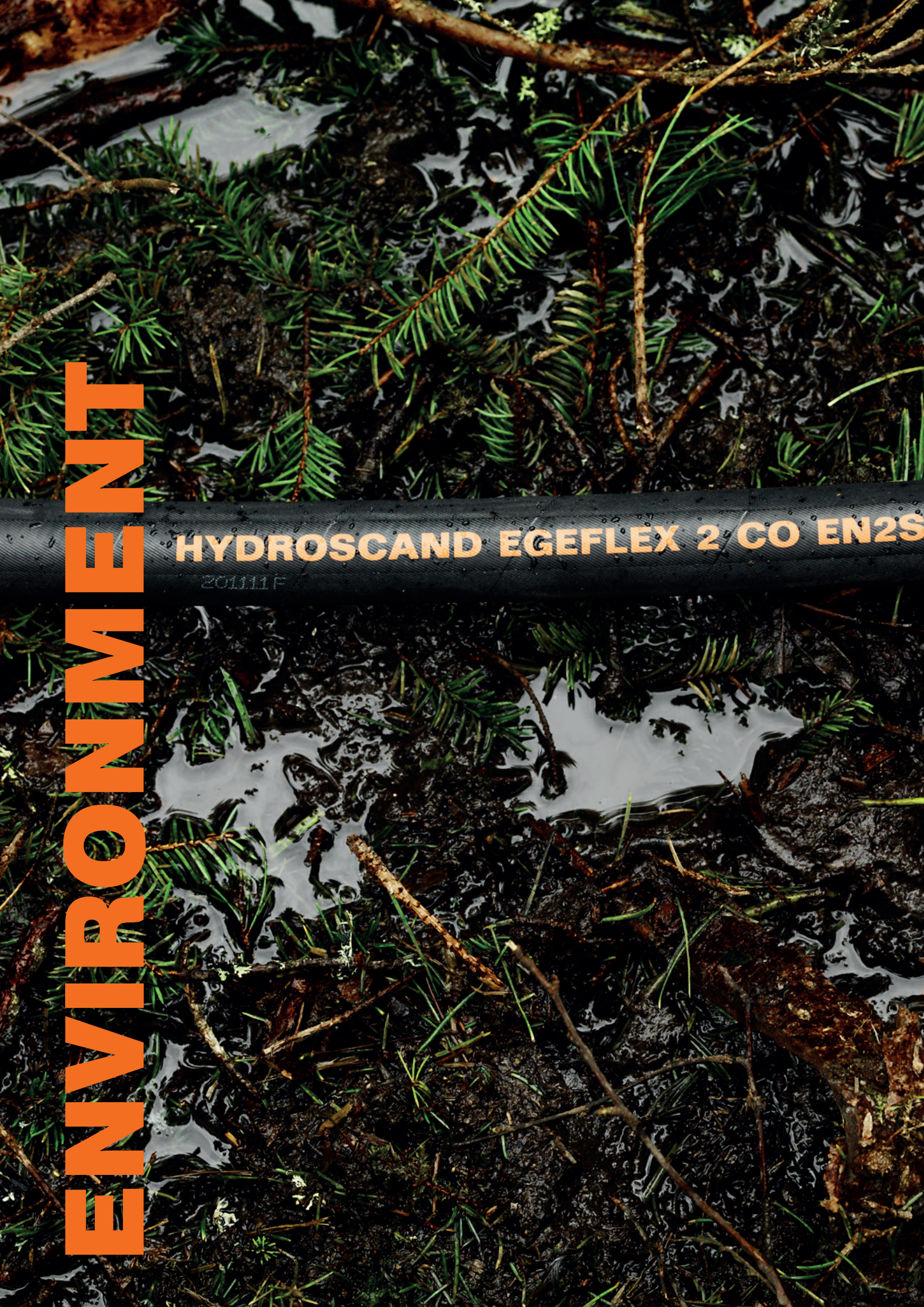
Role	Sustainability training	Code of Conduct training
Local purchasers	70%	70%
Group/central purchasers	77,8%	90%

While participation is strong, there is room for improvement, particularly among local purchasers. Further efforts will focus on increasing engagement and ensuring full compliance across all purchasing roles.

ENVIRONMENT

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Normative

CLIMATE CALCULATION METHODOLOGY AND PARTNERSHIP

To calculate our emissions according to the GHG protocol and to set a baseline for an upcoming science based-targets commitment we need support through a strong partnership. We have been working with Normative since our climate calculation journey began in 2021.

ABOUT NORMATIVE

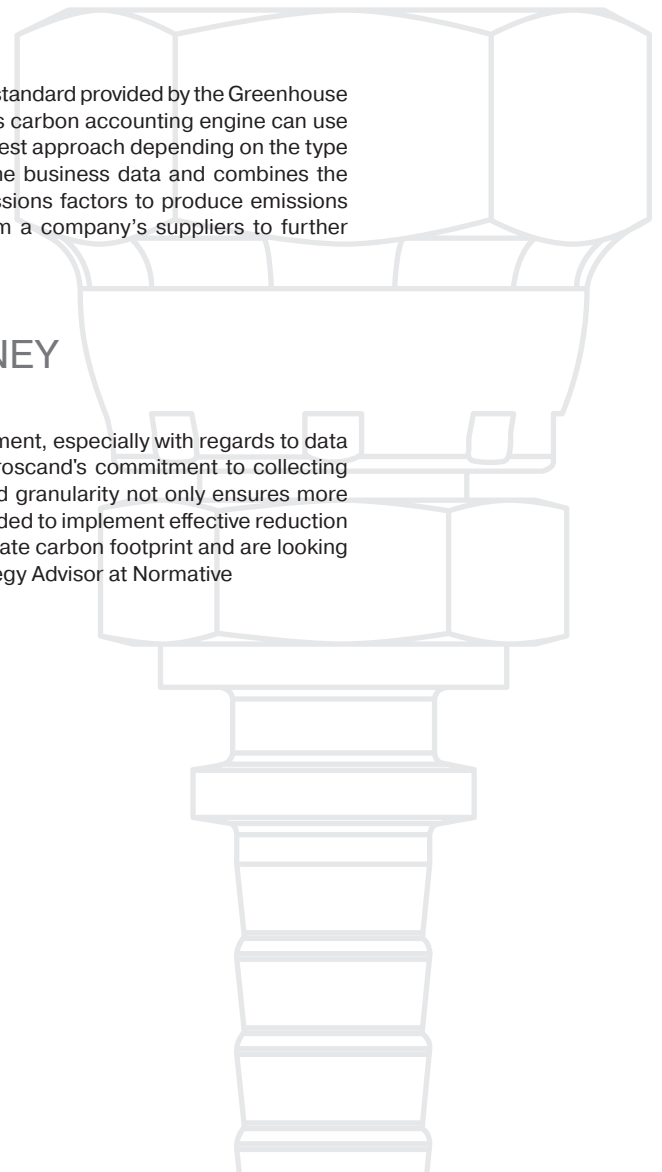
Normative is an enterprise carbon platform providing a foundation of reliable emission data for companies to plan, implement, and verify the impact of sustainability initiatives. With a carbon accounting engine built on science, a carbon network of supplier data sources, and a team of climate experts, Normative empowers companies to take control of their emissions.

THE METHODOLOGY

Normative's emissions calculations methodology is based on the official, global standard provided by the Greenhouse Gas Protocol. To achieve the most granular calculations possible, Normative's carbon accounting engine can use both transaction and activity data in its emissions calculations, selecting the best approach depending on the type of data provided. The engine then uses intelligent automation to process the business data and combines the processed data with Normative's large database of scientifically vetted emissions factors to produce emissions calculations. In addition, Normative can collect emissions data directly from a company's suppliers to further enhance the quality of the overall calculations.

SUSTAINABILITY REPORTING IS A JOURNEY OF CONTINUOUS IMPROVEMENT

"Our partnership with Hydroscand has been a journey of continuous improvement, especially with regards to data quality. The 2024 emissions calculations are a great example of this - Hydroscand's commitment to collecting detailed activity data across its product range is great to see. This enhanced granularity not only ensures more accurate emissions assessments, it also equips the team with the insights needed to implement effective reduction strategies. We are proud to support Hydroscand's efforts to reduce its corporate carbon footprint and are looking forward to continuing this progress." - Luzia Buchmann, Senior Climate Strategy Advisor at Normative





RESPONSIBLE CONSUMPTION AND PRODUCTION

In 2024, the climate crisis remains one of the most pressing challenges of our time, with widespread global impacts affecting both individuals and our business. We are committed to supporting our customers in the transition toward a more sustainable society by providing solutions and services in key areas such as electrification, green energy, and waste management. Within our own operations, we continue to take action to lower greenhouse gas emissions and reduce environmental impact by optimizing energy use, minimizing waste, and ensuring the responsible management of materials and chemicals.

REDUCING OUR CARBON FOOTPRINT

We are determined to lessen our climate impact. In 2021, we started calculating our emissions for our most significant markets in Scope 1 and 2. Since 2022, we have worked with a third-party expert team to calculate all three scopes, encompassing our whole value chain (Scope 1, 2, and 3). In 2024, we continued the journey to refine the data and include more data. There is still work to be done to clarify the data and develop the exact method for this going forward. We calculate emissions based on both spend-based and activity-based data, with the determination of fine-tuning the data in the coming years.

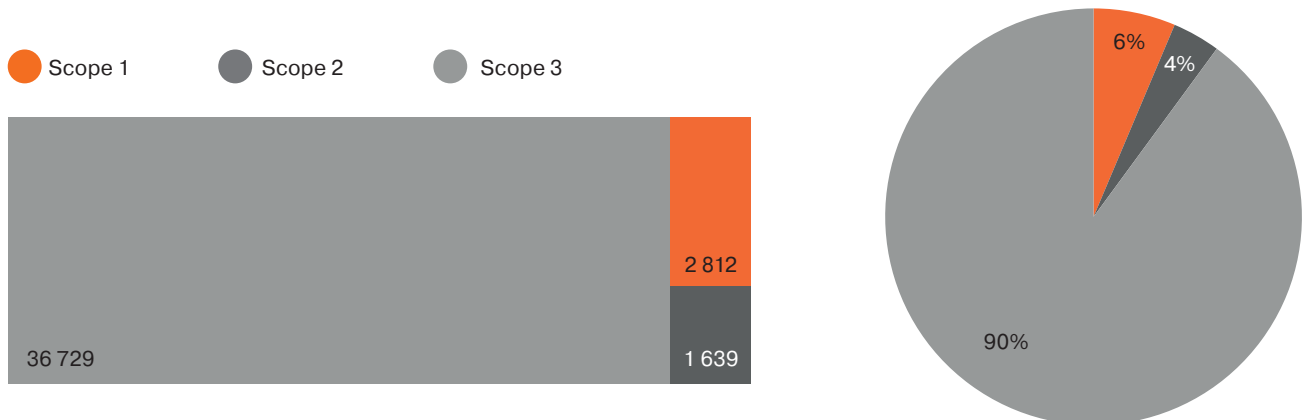
Our most significant impact is still to be found in our Scope 3 emissions, where we have 90% of our total emissions.

In the 2024 data collection, we have included more activity-based data and expanded our scope 3 data coverage. As a result, comparisons with previous years are less feasible. Moving forward, we will use the 2024 data as our baseline for measurement. This baseline will serve as the foundation for our commitment to science-based targets in 2025.

Year	Activity-Based Data	Spend-Based Data
2023	15,5%	80,3%
2024	53,9%	46,0%

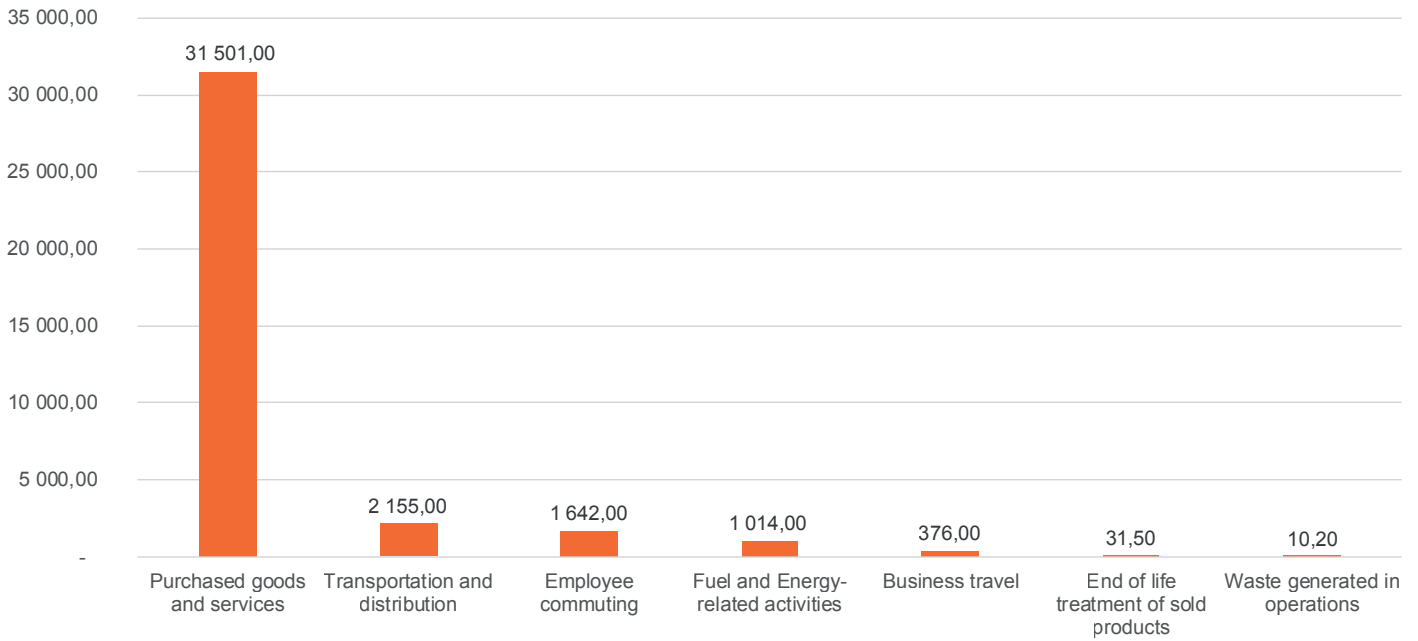
GREENHOUSE GAS EMISSIONS 2024

In 2024, our total emissions amounted to 41 181 tCO₂. These emissions are categorized into scopes 1, 2, and 3 as follows:





As we saw in previous years reporting, the breakdown of Scope 1-3 emissions shows that the Scope 3 emissions are our most significant impact.



When we break down the scope 3 emissions, we can see that it includes various elements, such as employee commuting and material components within our purchased products. This is the largest category in terms of emissions.



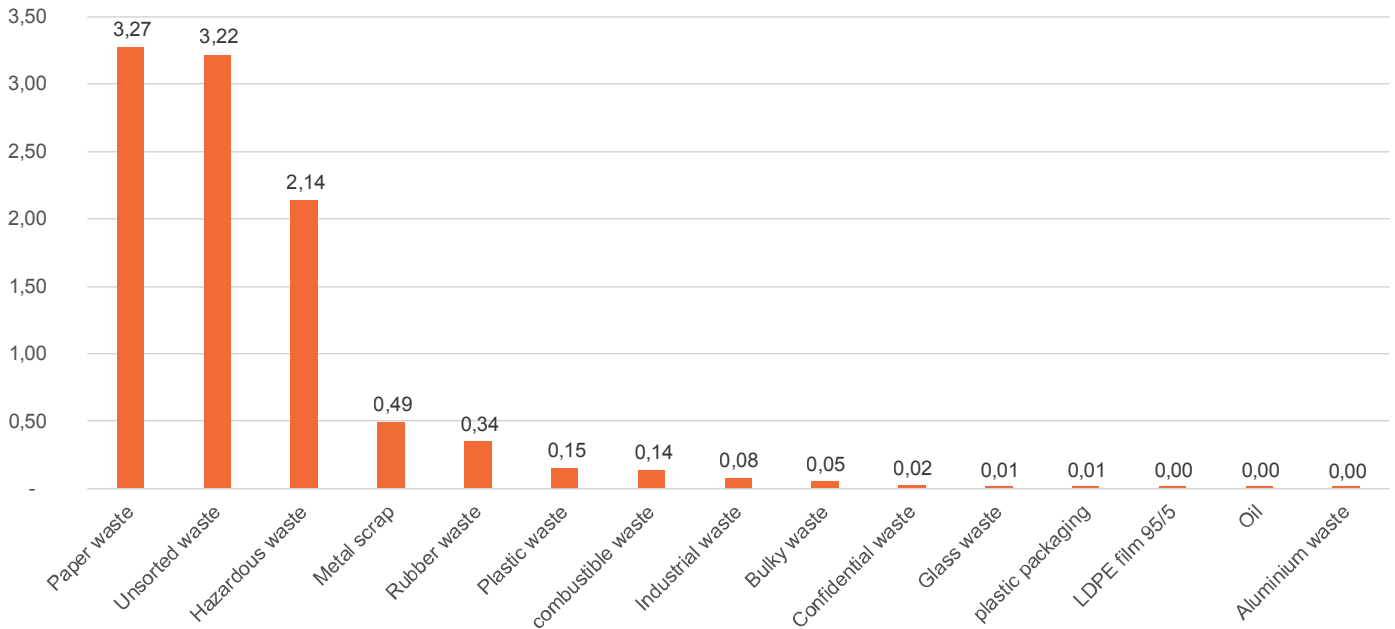
Electrical van in Göteborg, Sweden.



SUSTAINABLE WASTE MANAGEMENT AT HYDROSCAND

We act to make production waste a valuable resource while reducing our greenhouse gas emissions. Minimizing waste is an essential area for Hydroscand, as considerable amounts of waste are related to purchasing, assembling, and packaging our products. Used hoses pose a high risk if handled incorrectly, as they are a significant waste fraction and may contain harmful oil that could spill into the environment.

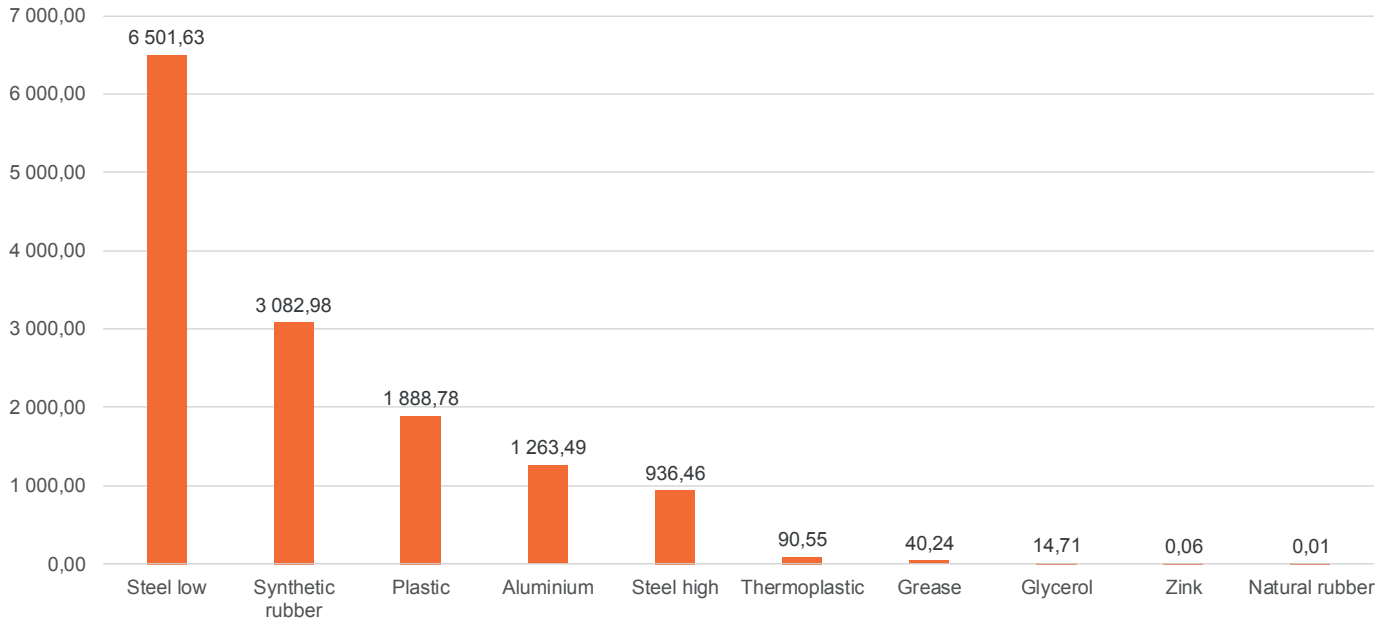
- As a service, we offer to receive used hoses from our customers to handle the waste correctly and minimize the risk of oil spills.
- At the sites covered by ISO 14001, we manage waste according to standard demands. Those standards are translated into routines for sites not yet certified.
- We have a responsible flow within our production sites and warehouses. Packaging material and pallets are always reused. Packaging material and pallets from suppliers are reused for customer products at production sites and warehouses.
- Collecting and measuring waste play an important role in helping us reduce waste and increase our level of sorting. Throughout 2024, we have significantly expanded our collection of activity-based data on waste, allowing us to enhance our waste management strategies further.
- In 2024, we launched our Waste Policy to reinforce our commitment to responsible waste handling and reduction.
- We have also initiated a project called "Closing the Life Cycle Loop Throughout Product Development," focusing on integrating sustainability considerations at every stage of product design and manufacturing.



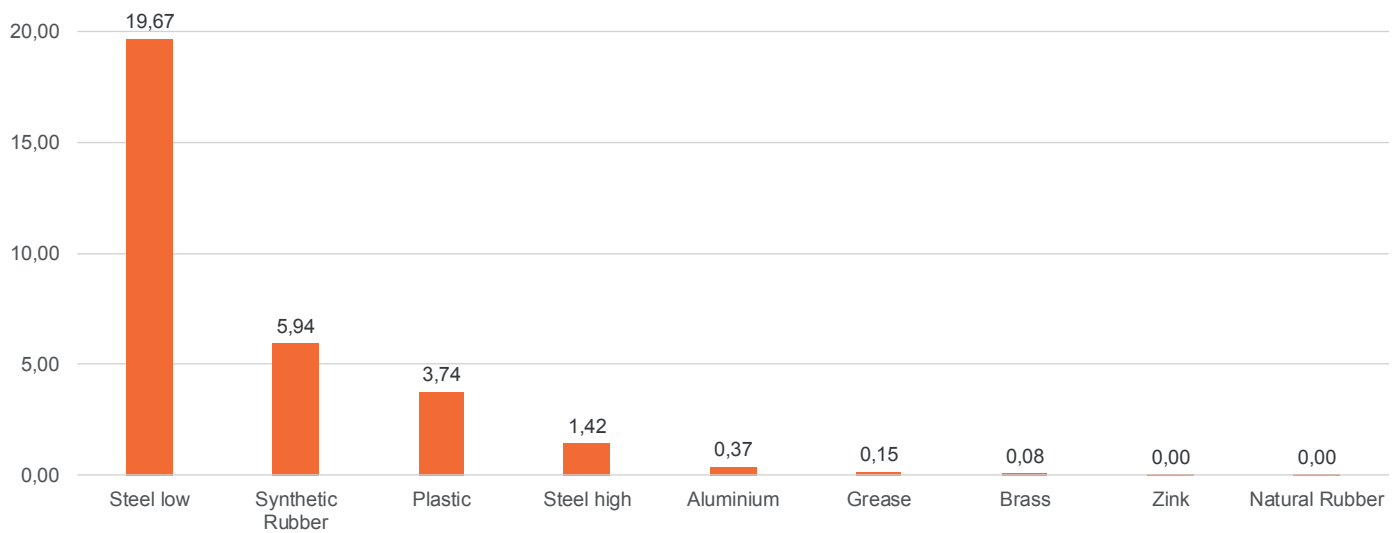
RESPONSIBLE HANDLING OF MATERIALS AND CHEMICALS

Every product or component Hydroscand receives from third parties must also comply with Hydroscand's product safety and chemicals criteria according to the specifications in our Supplier Code of Conduct. This helps us maintain high standards, comply with laws and regulations, and strive for as little environmental impact as possible. Risks related to using chemicals, hazardous substances, environmental accidents, and contamination are generally relatively low, although hazardous waste may occur.

In 2024, we calculated CO2 footprints at the item level for our assortment, enhancing our understanding of Scope 3 emissions. By following the Greenhouse Gas Protocol and using emission factors per material and weight, we ensured accurate assessments. These efforts support data-driven targets and actions to reduce our environmental impact across Hydroscand.



*Information regarding input materials from sold articles in 2024.



*Information regarding waste from sold materials is based on sold articles categorized group assortment, which is our most sold products.

Looking at waste from sold materials we can see that most emissions come from steel followed by synthetic rubber and plastic.

SUPPLY CHAIN, CONFLICT MINERALS AND SUBSTANCES OF CONCERN

Hydroscand Group has a portfolio of suppliers located in different parts of the world, including countries listed as high-risk. Therefore, we must consider the risk that some of our suppliers have shortcomings concerning environmental and social issues such as reducing greenhouse gas emissions and human rights.

Hydroscand Group suppliers substantially impact substances of concern, especially in the products Hydroscand purchases from suppliers.

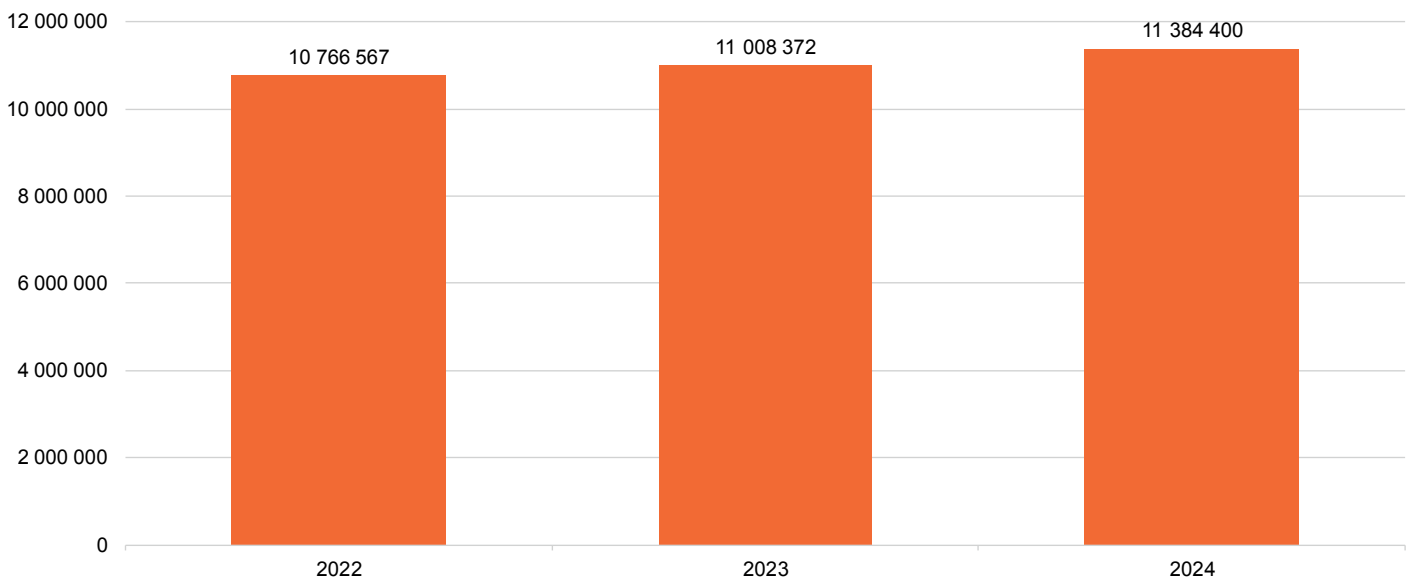
Through our Supplier Code of Conduct, we ensure that our suppliers maintain our high standards, comply with laws and regulations, and strive to have an as little environmental impact as possible. This applies especially to conflict minerals, REACH regulations, and the RoHS and EU Waste Framework Directives. We constantly work to ensure our suppliers sign our Supplier Code of Conduct. To ensure supplier compliance, we will also follow up with our suppliers more proactively, with complete assessments, self-assessments, and the Supplier Code of Conduct.

During 2025 we will, by using our SRM-tool, perform a more detailed due diligence regarding conflict minerals.

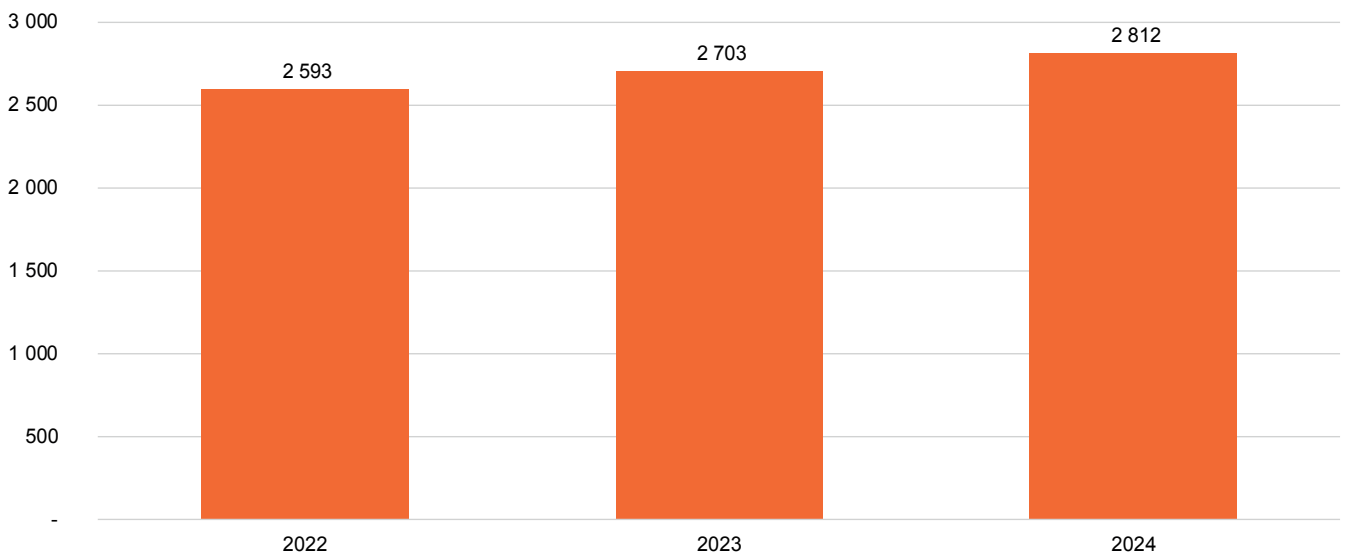


OPTIMIZING TRANSPORTATION

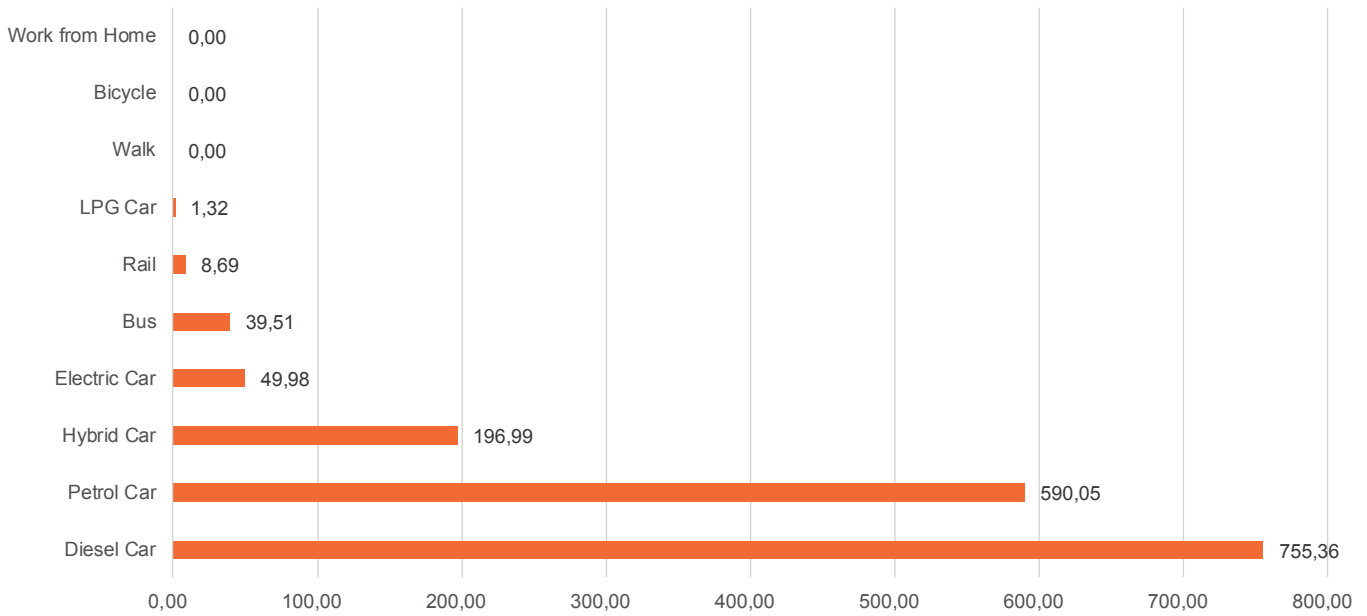
- We always strive to achieve high customer satisfaction levels and ensure all shipments are delivered on time and in full. We also work on optimizing our supply chain to limit the environmental impact of our transportation.
- Our company vehicle policy promotes the choice of green vehicles.
- We use electric charging stations at more and more branches.
- We are transitioning to incorporate hybrid or electric vehicles into our operational fleet. For instance, four of our operational vans in Norway are now fully electric.
- During 2024, we launched a travel and transportation policy.



**Total kWh consumption from mobile combustion.*



Looking at our emissions from Scope 1, we see a slight increase in terms of CO2 and kWh from mobile combustion. On a positive note, we see that we increased the number of Hybrid cars within the organization.

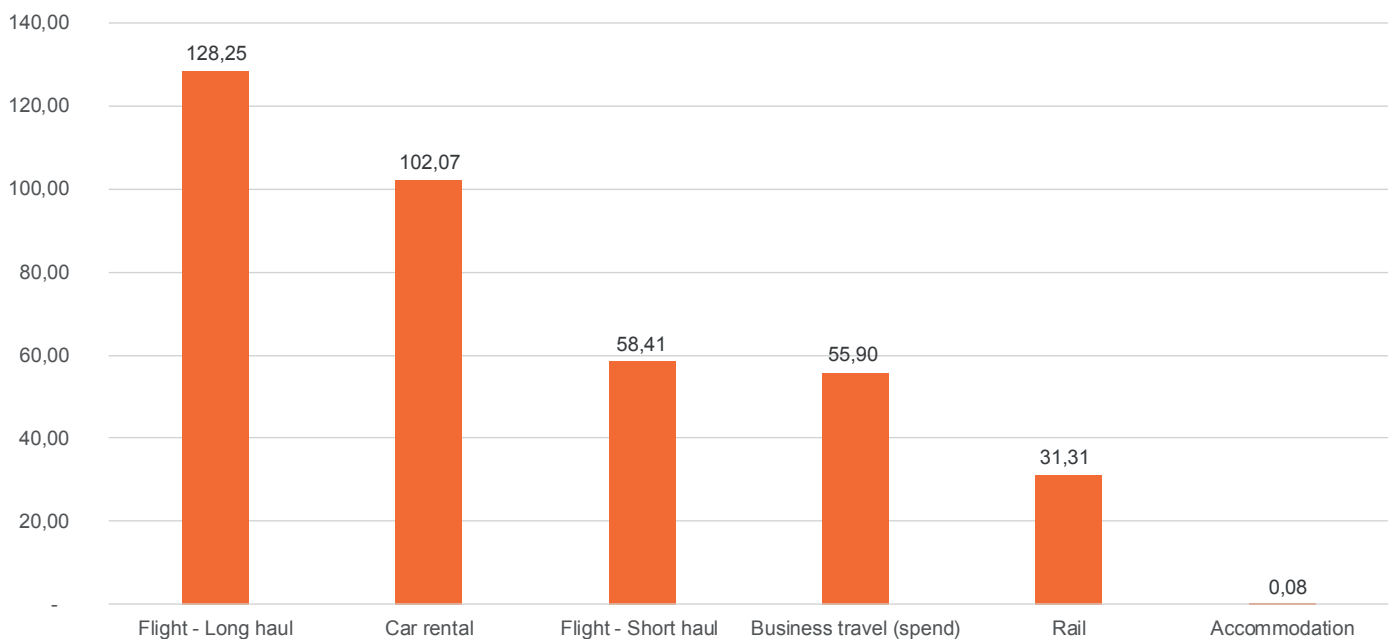


During 2024, we also reported emissions related to our employees' commute. The relatively low response rate of <30% still gives us an insight into the daily routine of Hydroscand Employees. We will continue to follow up on these numbers and ensure that there are viable alternatives to commuting by car.

ADDRESSING THE IMPACT OF BUSINESS TRAVEL EMISSIONS

We are a global business which include business travel. Even though we have a lot of meetings digitally there are still a need to meet internal and external stakeholders. Within scope 3 business travel represent 376 tCO2 emissions. This is mainly based on activity-based data and a clear increase in terms of data quality compare to 2023

Year	Activity-Based Data	Spend-Based Data
2023	2,09%	97,9%
2024	75,5%	24,5%



*CO2 emissions from business travel in 2024.



NEW HEAD OFFICE – A SUSTAINABLE BUILDING FOR FUTURE GROWTH

The development of Hydroscand's new premises has focused on both improved functionality and sustainability. The achievement of a BREEAM certification ensures that the building meets high standards in energy efficiency, environmental impact, and operational performance, leading to better resource management, a reduced environmental footprint, and a healthier indoor environment.

Key sustainability initiatives for the new head office include the installation of remotely readable water meters, a secure and well-lit bicycle parking, and sun shading blinds to improve energy efficiency. Sensor-controlled lighting has also been introduced to optimize energy consumption.

A total of 456 solar panels have been installed, providing a combined capacity of 264,48 kW, with an estimated annual production of approximately 245,936 kWh. The premises also feature 24 electric vehicle charging stations—twice as many compared to the previous head office.

To further enhance sustainability, Hydroscand has implemented geothermal heating and heat recovery for laboratory cooling. The new ventilation unit on the fifth floor, along with existing units on the third floor, incorporates heat recovery technology. Additionally, the exterior walls have been internally insulated with 5 cm of material to improve energy efficiency, all older windows have been replaced, and the internal stormwater drainage system has been upgraded with insulation to reduce heat loss.

Other improvements include well-sealed loading docks with air curtains to minimize energy loss during deliveries and the installation of 18 charging lockers for electric bicycles. A significant effort has also been made to reuse office furniture, including desks, chairs, conference tables, and storage units. Any surplus furniture that could not be utilized has been redistributed to other branches within the company.





Photo provided by Autostore.

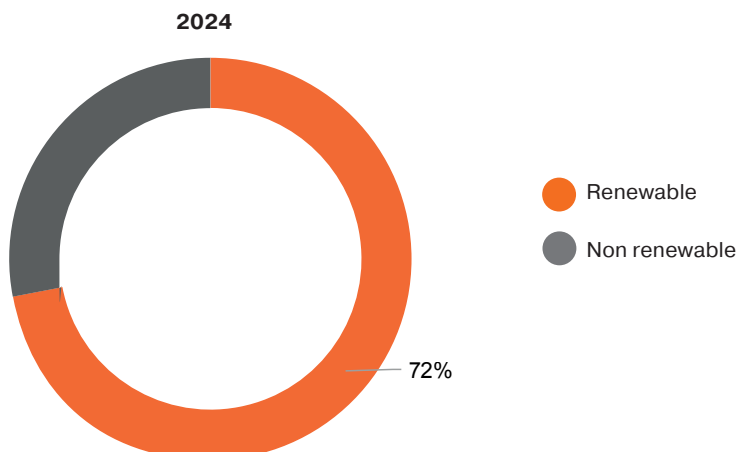
ENERGY EFFICIENCY

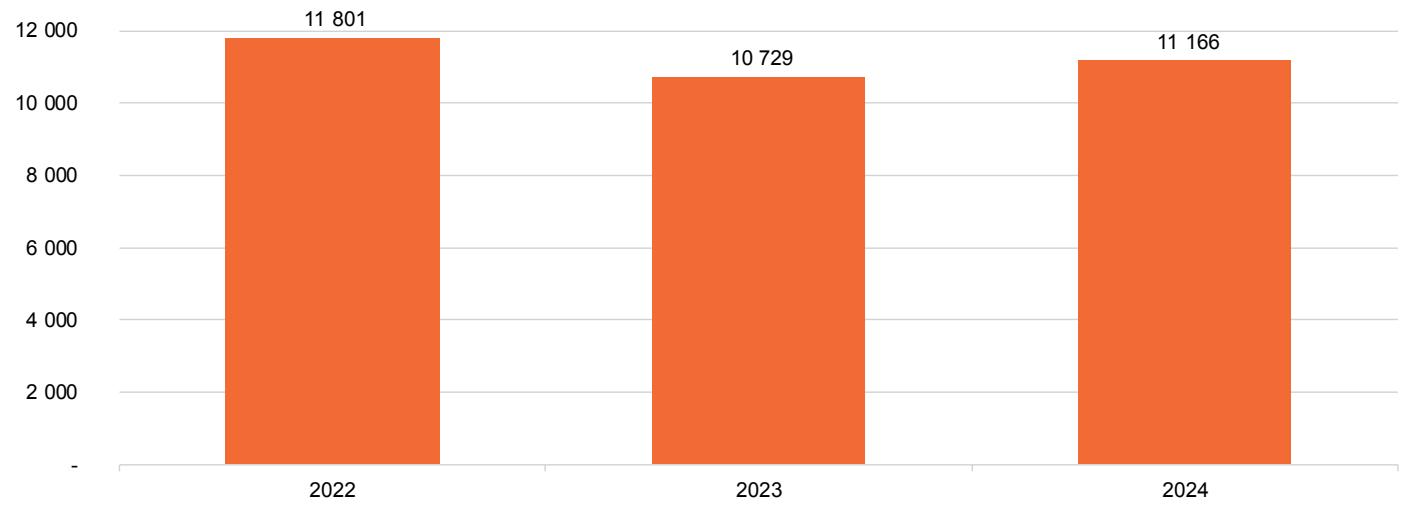
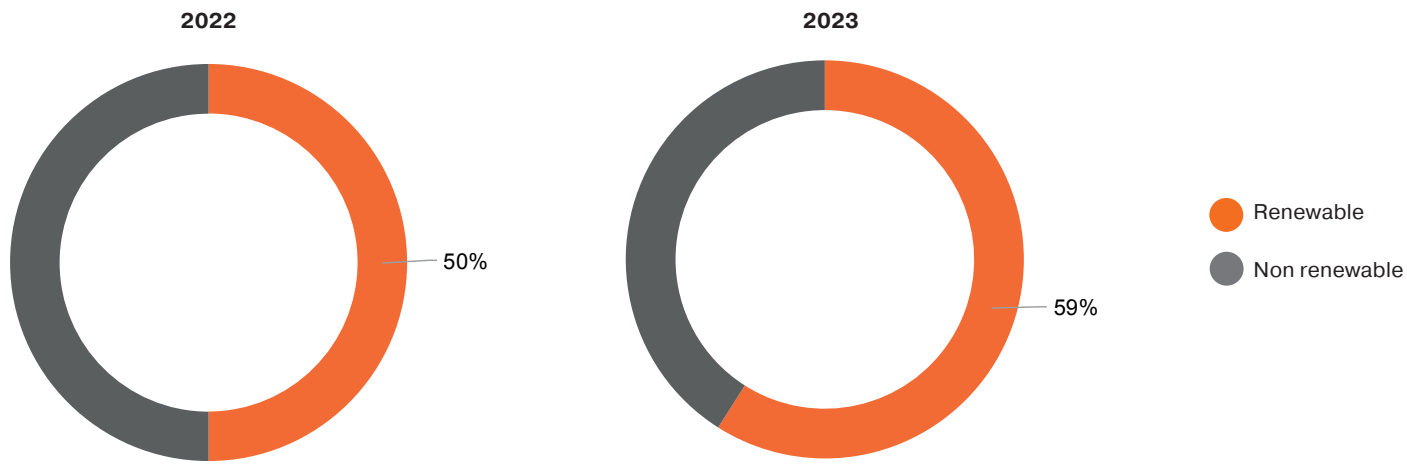
Emissions linked to energy consumption are an inescapable part of Hydroscand's business and operations. Everyone at Hydroscand is responsible for achieving emission reductions, and this requires collaboration on both local and global levels. Innovation, technology, sustainability initiatives, data collection, and reporting all play a part in achieving our goal of reducing our environmental impact.

We use green energy at production sites, warehouses, and branches in Norway and Sweden. More information about our use of solar panels can be found on previous pages.

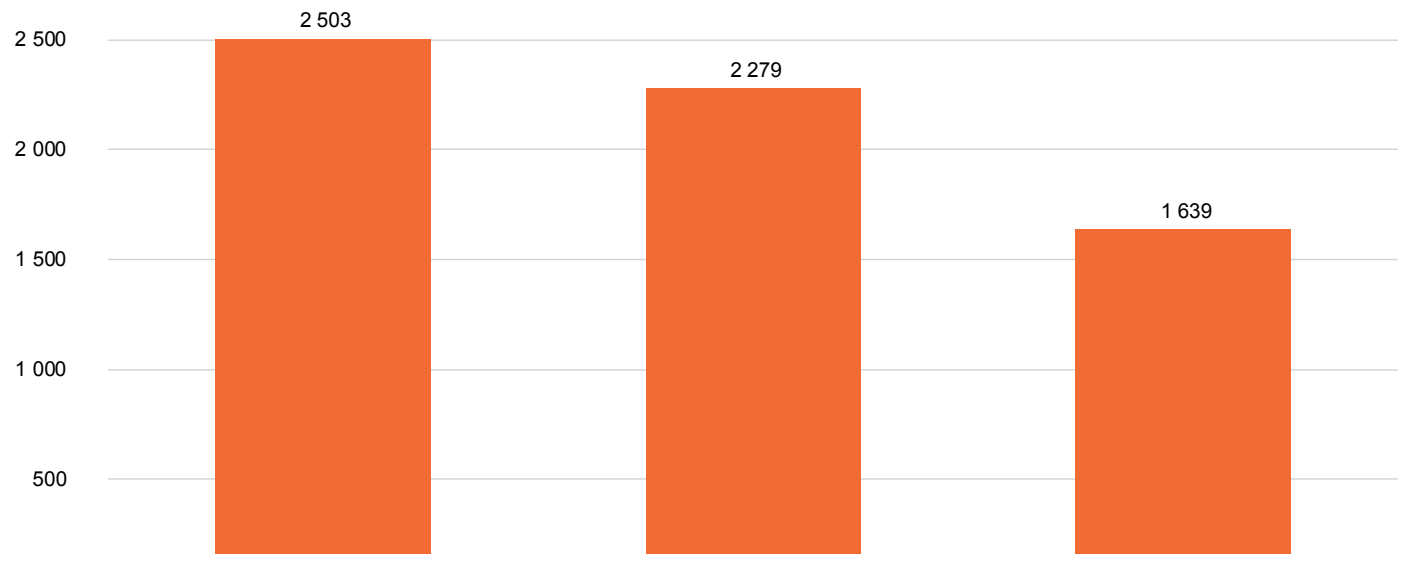
In Sweden and Norway, we use AutoStore, a modular warehouse robotics solution. Like electric vehicles, these warehouse robots use regenerative braking, returning energy to the battery. Additionally, the use of robots reduces the need for lighting and comfortable temperatures in warehouse areas, further lowering energy consumption. The relocation of our Swedish head office to a new building doubled the capacity of our Swedish AutoStore and strengthened our supply chain at the same time.

Data shows that Hydroscand is on the right track when it comes to energy efficiency. We have increased our usage of renewable electricity from 50% to 72% since 2022. Looking at the actual consumption of purchased energy (scope 2), we see a decrease in emissions and but a minor increase in kWh.





Scope 2 emissions: in terms of CO2, we see a reduction in a year-on-year comparison.



We see a slight increase in a year-on-year comparison of the actual consumption. The reason for this is for example a move to a new location in France.



SOCIAL



A WORKPLACE FOR EVERYONE

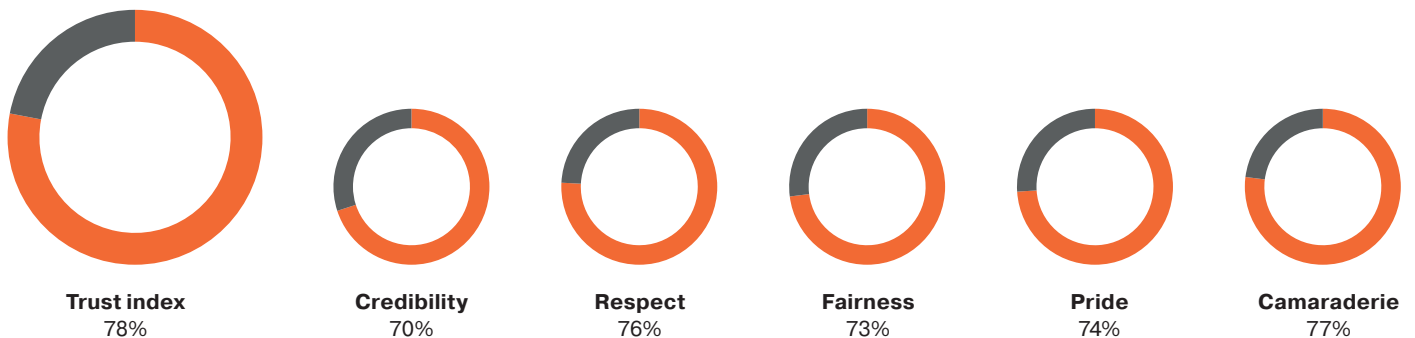


We strive to create attractive, inclusive, and sustainable workplaces where our employees feel motivated, engaged, and empowered to deliver results. We also recognize that our business impacts people throughout the value chain, including suppliers' employees, customers, workplaces, and the local communities where we operate. That's why we are committed to promoting and protecting human rights across our entire value chain.

UNLOCKING EMPLOYEE INSIGHTS

We aim to be the industry leader when it comes to employee satisfaction and we use the employee survey, "Great Place to Work," to measure and evaluate our organizational culture. A great workplace is defined by trust in leadership, pride in work, and enjoyment of colleagues. The model centers on trust as the key to a great workplace and measures trust through five areas: Credibility, Respect, Fairness, Pride, and Camaraderie.

2024 marked the third year of performing this survey. The "Great Place to Work" model centers on trust as the key to an exceptional workplace. A great workplace is defined by trust in leadership, pride in work, and enjoyment of colleagues. The model measures trust through five areas: Credibility, Respect, Fairness, Pride, and Camaraderie.



	2024	2023	2022
Credibility	70%	76%	69%
Respect	76%	74%	67%
Fairness	73%	77%	72%
Pride	74%	79%	75%
Camaraderie	77%	80%	76%
Trust index	78%	77%	71%
Response level	82%	89,6%	85%

The response rate has decreased below the levels of 2022 and 2023. However, the overall results remain more positive than in our first survey in 2022, despite showing a slight decline compared to 2023. In general, the three leadership indexes have consistently scored lower than pride and team-related responses, a trend that continues in 2024. Throughout the year, organizational changes have been implemented in various regions, which appear to have influenced the results. While change can bring challenges, it also presents opportunities for growth and development, and we remain committed to fostering a positive and supportive work environment.

We are proud of our progress but strive for even greater employee satisfaction. To achieve this, we continuously implement actions based on survey insights, conducting annual surveys and follow-ups across all entities.



EMPOWERING GROWTH

The continuous development of employees and managers is crucial for Hydroscand's long-term success and its ability to attract and retain the right skills. The environment in which we operate is complex and constantly changing. This requires us to be quick to develop, train and adapt. Learning and development must form a fundamental part of our employees' everyday life through training programs, learning from new challenges at work, and coaching.

Hydroscand takes a structured approach to identify the skills and talent needed to deliver on our business strategy

We run leadership and functional courses to support efficient leadership and give leaders more time for employee support. Leadership training is provided to managers, both new and current.

We are transitioning from a traditional learning approach to more digital channels. To support this shift, we have launched the 'Hydroscand Global Academy' e-learning platform, offering a wide range of topics to support employee development. The Academy also enables the creation of Learning Lifecycle Platforms, digitizing parts of classroom training to enhance follow-up on the skills employees need at different stages of their careers.

In 2024, we continued to enhance the Hydroscand Global Academy, using the platform to develop training programs at both local and global levels, aiming to make training an integral part of every Hydroscand employee's journey. We also saw a significant increase in time spent on learning, rising from 1,137 hours in 2023 to 4,512 hours in 2024.

KPI	2024	2023
Total number of employees in Global Academy	1 636	1 544
Time spent on online training	4 512 hrs.	1 137 hrs.
Total training modules	21	13
Global training modules	7	5
List of global training modules	<ul style="list-style-type: none"> - Onboarding - Competition law - GDPR - Code of conduct - Health and Safety - CSRD - Sustainability@Hydroscand 	<ul style="list-style-type: none"> - Onboarding - Competition law - GDPR - Code of conduct - Sustainability@Hydroscand

As an international organization operating across diverse regions, we recognize the importance of tailoring our on-site training initiatives to meet specific regional needs. Moving forward, we are committed to further developing and enhancing our on-site training offerings to ensure alignment with each region's unique requirements.

Global trainings	Completion rate 2024	Completion rate 2023
Code of Conduct – Training in business ethics	47,7%	New training
Competition law	48,7%	New training
Sustainability training – Introduction to Sustainability at Hydroscand	50,1%	25,9%
Cyber security awareness	52,6%	29,3%
GDPR awareness	51,7%	29,7%
Onboarding – Intro to Hydroscand incl. Business ethics, company culture, sustainability etc.	53%	28,9%
Health and safety – global training in health and safety policy and measures	41,4%	New training

Although we have seen a significant increase in the completion rate, we will continue to prioritize this in 2025 to ensure that fundamental knowledge is effectively shared across the organization.



AN INCLUSIVE WORKPLACE

Hydroscand is an international business that operates in several parts of the world. We believe that employees from different backgrounds provide us with diverse skills and knowledge crucial for our organization.

Thus, it is second nature for Hydroscand to respect everyone. To ensure everyone—regardless of gender, sexual orientation, gender identity, ethnicity, disability, religious beliefs, political opinion, or age—enjoys the same opportunities and conditions. We work to achieve equality and consider diversity issues in recruitment and human resource development. This is stipulated in our Code of Conduct and our Human rights policy.

The hydraulics industry is traditionally male dominated. This trend is mirrored within Hydroscand across various organizational levels. However, this lack of diversity poses risks, potentially limiting the breadth of knowledge and skills vital for the company's development.

To address this, we actively promote diversity in our job advertising to attract candidates from different backgrounds and experiences. By fostering inclusivity, we enrich our talent pool and cultivate a dynamic organizational culture that values and celebrates differences. Through ongoing efforts, we remain committed to creating an environment where everyone feels valued and empowered to contribute.

In 2024 we launched a Human rights policy that include sections around gender equality measures such as unbiased recruitment and equal promotion opportunities. Our measures to increase women in the organization is supported by our recruitment tool which enable anonymous recruitment.

Individual performance reviews and target setting serve to evaluate progress, provide feedback, and align personal and organizational goals. From a **human rights** perspective, these processes should ensure fair and equal treatment, uphold dignity at work, and support the right to just and favorable working conditions.

From a **Diversity, Equity, and Inclusion (DEI)** perspective, performance reviews should be free from bias, recognize diverse contributions, and provide equitable opportunities for growth. Target setting should account for different needs and backgrounds, fostering an inclusive environment where all employees can thrive and reach their full potential.

	Target number of employees	% completed
% of employees who received performance dialogue during 2024¹	1 327	73,9%
% of employees who received goal setting dialogue during 2024²	130	34,6%

¹ The performance dialogue includes evaluating the previous period's targets, setting new goals, and creating career development plans.

² A light version of the performance dialogue that includes target setting. Targets our Eastern European region.





Diversity - Gender	2024*	2023**	2022**	2021**
Total number of employees	1 717	1 544	1 499	845
Share women/men % Total employees	19/81%	19/81%	19/81%	17/83%
Share women/men % Managers	17/83%	14/86%	-	-
Share women/men % Group management	22/78%	22/78%	22/78%	30/70%
Share women/men % Managing directors	8/92%	8/92%	8/92%	6/94%
Share women/men % Board of Directors	29/71%	29/71%	29/71%	0/100%
Response level	82%	89,6%	85%	

* The 2024 data include data from HR system and then manually added information regarding Georgia, Armenia, and Kazakhstan and newly acquired businesses in UK.

**The 2022 and 2023 data include all entities except Georgia, Armenia, and Kazakhstan since they were not included in the human resources system.

*** The 2021 data include Sweden, Norway, Finland, and the Czech Republic, which were included in the human resources system during 2021.

The gender diversity data reveals a consistent imbalance, with women making up 19% of the workforce in 2024, unchanged since 2022. The representation of women in management roles remains low, with 17% in overall management, 22% in group management, and only 8% in managing director positions. The Board of Directors maintains a 29% female representation, which is positive but still underrepresented compared to the general population.

To tackle this, in 2025 and beyond, we will address it in a structured manner:

- 1. Enhance recruitment** practices to attract more women, especially in leadership roles, using inclusive and blind recruitment methods.
- 2. Implement leadership development** programs focused on mentoring and coaching for women to build a stronger pipeline for managerial positions.
- 3. Set gender diversity** targets for leadership roles and track progress regularly to ensure accountability.
- 4. Create an inclusive workplace culture** with flexible work policies and diversity initiatives to support the retention and advancement of women.
- 5. Focus on mid-level management** to improve the representation of women in leadership over time. These measures will help increase gender diversity across the organization, fostering a more inclusive and balanced workforce.

Workplace inclusivity and employee experience analysis

Question	Result
I am treated fairly regardless of my gender	4,51/5
I am treated fairly regardless of my sexual orientation	4,81/5
I feel I can be myself at Hydroscand	4,47/5
In my daily work I feel included and as a valued part of my team	4,30/5

This analysis is based on an anonymous survey distributed to all employees, with a total of 80 responses. The results provide insight into the workplace culture at Hydroscand, particularly regarding inclusivity and employee well-being.

1. Fair treatment: Employees generally feel they are treated regardless of gender (4,51/5) and sexual orientation (4,81/5). These high scores indicate a strong culture of respect and equal treatment, with slightly greater confidence in fairness related to sexual orientation.

2. Authenticity in the workplace: The ability to be oneself at Hydroscand received a score of 4,47/5, reflecting a positive but slightly lower perception compared to fairness metrics. This suggests that while the workplace fosters inclusivity, there may be opportunities to further strengthen psychological safety and openness.

3. Team inclusion and value: The sense of being included and valued in daily work received a score of 4,30/5, the lowest among the four measured aspects. While this is still a strong result, it indicates a potential area for improvement in fostering a deeper sense of belonging and recognition within teams.

Overall, the results demonstrate that Hydroscand maintains an inclusive and respectful work environment. However, continued efforts in promoting team cohesion and ensuring all employees feel fully integrated and valued could further enhance workplace culture.



HEALTH, SAFETY AND WELL-BEING

Ensuring the safety and well-being of all individuals within Hydroscand's production facilities and offices stands as our paramount objective. We prioritize the health and welfare of our employees, recognizing their pivotal role in driving the success of our operations.

Given that much of the work at Hydroscand involves manual labor, we acknowledge the inherent risks associated with workplace accidents. Therefore, it is imperative that we actively address potential threats to the health, safety, and overall well-being of our workforce. Through comprehensive training programs and ongoing education initiatives, we equip our employees with the knowledge and skills necessary to navigate health and safety concerns effectively.

Furthermore, we uphold the principles of freedom of association, granting our employees the right to organize and engage in collective bargaining. This commitment underscores our dedication to fostering a supportive and empowered work environment.

In alignment with our values, we hold our business partners and suppliers to the same rigorous standards that we uphold in Hydroscand. We expect them to adhere to the best health, safety, and ethical practices, as detailed further in the Governance and Business Ethics section provided below. This collective commitment ensures that our entire ecosystem operates with integrity and accountability at every level.

We are collaborating with different organizations to provide free menstrual products to our female employees.

During 2024 we have started to implement a tool to support our measures regarding Health and Safety. The purpose of implementing a tool for reporting and handling health and safety issues is to create a structured, efficient, and transparent process for identifying, addressing, and preventing workplace risks. The tool enables employees to quickly report incidents, hazards, and near-misses, ensuring that necessary actions are taken to improve safety conditions.

By incorporating features such as safety rounds and risk assessments, the tool helps organizations to proactively identify potential dangers, evaluate risks, and implement corrective measures before incidents occur. This contributes to a safer work environment, reduces the likelihood of accidents, and ensures compliance with health and safety regulations. Additionally, having a digital record of reports and assessments supports accountability, trend analysis, and continuous improvement efforts in workplace safety management.

Currently the tool is implemented in parts of the organization and we will continue implementation within the remaining entities during 2025.

KPI	2024
Number of reported near misses	102
Number of reported accidents	68
Number of reported accidents with sick leave	28
Number of days lost due to injury	252
LTIF (Lost Time Injury Frequency Rate)	8,20

Numbers based on manual reporting from 19 entities.

LTIF numbers based on assumption of total hours worked (2 000 per employee and year).





STRIVING FOR EQUALITY IN MANUFACTURING

Achieving gender balance in manufacturing has long been a challenge, but at Hydroscand's Czech operations, equality is not just an aspiration—it is a key part of the company culture. Jana Pavlickova, HR Manager, tells us about how the team has integrated gender diversity into their daily operations and why a balanced workforce benefits both employees and the business.

BUILDING A BALANCED WORKFORCE

Manufacturing has traditionally been a male-dominated industry, but in the Czech Republic, efforts to achieve gender balance started early. "From the very beginning, we focused on creating a work environment that is accessible to everyone," says Jana Pavlickova. "When we started shaping our production department about ten years ago, we looked at how to structure processes and workstations to make them suitable for both men and women."

Today, the manufacturing department boasts an equal distribution of men and women, a balance achieved through careful planning and adaptation. "We adjusted certain production processes to ensure they were ergonomically appropriate for all employees. Workplace safety, hygiene, and physical demands were key factors in making the environment equally accessible," Jana explains.

WHY GENDER BALANCE MATTERS

But why is gender balance so important in manufacturing? According to Jana, diverse teams bring clear advantages. "By ensuring diversity, we leverage the strengths of all kinds of people, no matter of their gender. This balance creates a more dynamic and effective team."

Beyond productivity, gender diversity also has a positive impact on workplace culture. "Mixed teams foster a more positive and inclusive atmosphere, which directly affects employee satisfaction. A supportive work environment leads to higher engagement and lower staff turnover," she says.



Eliška Palenickova, Production Operator, works in the production unit in Czechia.



Olga Gurkova, Production Supervisor.

RECRUITING FOR DIVERSITY

Achieving this balance has required a strategic approach to recruitment. "We don't just look at skills and experience when hiring—we also consider how a new employee will fit into the existing team," Jana explains.

Building a strong employer brand has been another key factor. "We have continuously worked on positioning ourselves as a great place to work, and this effort has paid off. Many of our new employees come through recommendations from current staff, which is a strong indicator that people feel comfortable here and want to bring their acquaintances into the team."

OVERCOMING CHALLENGES IN THE WAREHOUSE

While gender balance in production has been a success, some areas have posed greater challenges. "In the past, our warehouse was almost exclusively staffed by men. We wanted to bring more women into the team, but that required us to rethink our processes," says Jana.

To make warehouse roles more accessible, tasks were restructured to allow for a division of work that suited different physical capabilities. "We also had to consider environmental factors—working in a warehouse means dealing with temperature fluctuations, and not everyone is comfortable with that. Today, we have two women in our warehouse team, and they are invaluable members."

LOOKING AHEAD

The Czech team is not stopping here. While they have succeeded in balancing gender distribution in manufacturing, there are still areas for improvement. "Our goal is to maintain the current balance in production and increase the number of women in the warehouse. At the same time, we want to bring more men into office roles, where they are currently underrepresented," says Jana.

When asked how the company plans to sustain this progress, she is confident in the path forward. "We have built a strong foundation—now it's just a matter of maintaining the balance."

By embedding equality into recruitment strategies, workplace design, and company culture, Hydroscand's Czech operations are setting an example for how manufacturing can be both productive and inclusive. Their journey demonstrates that gender balance is not just a goal—it's an ongoing commitment that benefits both employees and the business as a whole.



GOVERNANCE



FROM RESPONSIBLE PURCHASING TO CUSTOMER RELATIONS

Hydroscand has a long tradition and history of acting as an honest, responsible company. Sustainability is incorporated throughout our operations and forms an integral part of Hydroscand's overall governance.

The Board of Directors has the overall responsibility for Hydroscand's organization and administration. Our CEO is responsible for managing the day-to-day administration of the Group and follows the Board's guidelines and instructions. To ensure that we work with sustainability as set out in Hydroscand's ambitions and goals, there is a designated Group HR and Sustainability Manager at Group level, and sustainability-related issues are a standing item at the company's Group Management meetings. Sustainability topics are also regularly addressed by different business units, global units, and the company's group functions. During 2024, the work to integrate business strategy and ESG continued. As of 2024, ESG was incorporated in the overall annual budget process.

We are committed to providing transparency regarding targets, progress, and actions to deliver our sustainability ambitions. Since 2021, we have disclosed our greenhouse gas emissions performance annually through the Sustainability Report in line with the relevant frameworks.

HUMAN RIGHTS

Working with business ethics and human rights requires perseverance. Since there will always be new challenges and ways to demonstrate commitment, we constantly learn, listen, and raise standards.

We are firmly committed to a zero-tolerance approach to human rights violations in the value chains we control. At Hydroscand, we respect every individual. Our employees enjoy the freedom of association and the right to organize and bargain collectively. We also work proactively to prevent discrimination and harassment in the workplace. No harassment, written, oral, or digital, is accepted.

This also encompasses our suppliers' employees and workplaces. A majority of Hydroscand's business is conducted in Europe, where human rights are generally protected by legislation and the risk of violation is deemed low. However, Hydroscand also operates in high-risk countries, where we demand the same high standards regarding human rights.





CODE OF CONDUCT

The Hydroscand Group Code of Conduct describes how employees should act, how the company operates, and Hydroscand’s commitment to human rights. All Hydroscand subsidiaries are bound by the Code of Conduct, which is based on the following international guidelines, as supported by the Hydroscand Group:

- United Nations Global Compact, Ten principles
- UN Sustainable Development Goals, Agenda 2030, 17 goals
- United Nations Universal Declaration of Human Rights
- OECD guidelines

The Supplier Code of Conduct sets forth expectations for our suppliers and aligns with the expectations we maintain for our directors, officers, employees, and representatives. All new suppliers sign the Supplier Code of Conduct. Our Supplier Code of Conduct ensures that our suppliers maintain high standards, comply with laws and regulations, and strive for as little environmental impact as possible. This applies especially to conflict minerals, REACH regulations, and the RoHS and EU Waste Framework Directives.

We have implemented a whistleblower policy in all our operating countries. Any suspicion of fraudulent conduct, bribery, or similar behavior must be immediately reported. The system is open to external parties, such as consultants, subcontractors, and suppliers for whom Hydroscand’s commercial ethics regulations and whistleblowing policies are part of the supplier’s agreement.

Code of conduct training is mandatory for all employees and a crucial part of our onboarding.

CORRUPTION AND ANTI-BRIBERY

Hydroscand has policies and regulations for our employees and business partners to ensure that our core values are respected throughout our operations and supply chain. We have zero tolerance for corruption and bribery. The crime risk is relatively low as we do not conduct business with public authorities or the public sector. Still, there will be a risk of corruption because we are active in countries categorized as high-risk. In these cases, we work more actively against corruption and anti-bribery.

KPI	2024	2023	2022
Whistleblower reports	0	1	0
Reported Corruption incidents	0	0	0
Information security incidents	6	3	N/A
GDPR incidents	1	N/A	N/A



INFORMATION SECURITY

Our commitment to sustainability also encompasses robust cybersecurity measures to safeguard our digital assets. One of the key components of our cybersecurity strategy is to train our employees, effectively turning them into one of our most important measures of defense.

In September 2024, we started a cybersecurity awareness program through which IT-users receive on-the-job training via simulations and micro-sessions in how to identify and respond to cybersecurity threats. During 2024 66% of our users were actively engaging in this training on at least a quarterly basis, demonstrating a high level of commitment to maintaining a secure and resilient digital environment.

This engagement not only helps in protecting sensitive information but also contributes to a culture of vigilance and proactive security measures within our organization. By continuously educating our users, we are building a strong first line of defense against potential cyber threats, aligning our security practices with our overarching sustainability goals.

The implementation of our security awareness program is a testament to our dedication to excellence in cybersecurity, reflecting our broader mission to operate responsibly and sustainably across all facets of our business.

Number of simulations sent out as part of cyber security training	Participation rate in training (%)	No of reported real phishing attempts
5 395	66%	275

EU TAXONOMY AND CSRD

As part of the EU's green growth strategy, the EU taxonomy directive was enacted in 2020. This is a classification tool for environmentally sustainable investments. The taxonomy directive does not cover Hydroscand's sales, capital, and operating expenditures for this reporting period.

We are welcoming the new reporting standard, CSRD and look forward to continuously learn and adapt to meet the demands of its reporting structure.

DOUBLE MATERIALITY ANALYSIS

In 2024, we conducted a double materiality analysis to enhance our understanding of both our impact on society and the environment and the financial risks and opportunities associated with sustainability factors. This analysis strengthens our ability to align strategy, risk management, and reporting with evolving stakeholder expectations and regulatory requirements.

Process overview:

- 1. Identifying key topics** – We engaged stakeholders, analyzed regulations, and reviewed industry trends to define relevant sustainability issues.
- 2. Assessing materiality** – We evaluated the significance of these topics from both an impact and financial perspective.
- 3. Prioritization and validation** – A materiality matrix was developed, reviewed by leadership, and integrated into our sustainability strategy.
- 4. ESRS Alignment** – The analysis identified five European Sustainability Reporting Standards (ESRS) most relevant to our business.
- 5. Gap analysis and action plan** – To ensure readiness for CSRD reporting, we conducted a gap analysis to identify areas for improvement and establish a clear action plan.

This structured approach provides valuable insights for decision-making, ensuring our sustainability efforts are both responsible and strategically aligned.



REFLECTION FROM OUR SUSTAINABILITY MANAGER

In 2024, Hydroscand made significant progress in integrating sustainability into its core business operations. The company strengthened its commitment to sustainability reporting by aligning with the Corporate Sustainability Reporting Directive (CSRD) and completing a Double Materiality Assessment (DMA). This assessment has helped refine priorities and accelerate meaningful action.

Key achievements include an improved focus on reducing Scope 3 emissions, with a deeper engagement in supplier partnerships and more activity-based data collection. Efforts to optimize waste management and responsible material handling have also progressed.

Hydroscand's customers increasingly recognize our ESG efforts, as seen in the customer satisfaction survey where sustainability commitment rated at 3,58 out of 5. While this is a strong result, the company aims to enhance transparency and engagement to further improve its rating.

In 2024, Hydroscand Group was awarded a Silver Medal by EcoVadis, placing us among the top 15% of all rated companies in terms of sustainability. This recognition reflects the positive impact of our ongoing sustainability initiatives and our commitment to responsible business practices. While we are proud of this achievement, we see it as a stepping stone rather than a final destination. Looking ahead to 2025, we aim to build on this progress by further strengthening our sustainability efforts with the clear goal of reaching the Gold level in the EcoVadis assessment.

Additionally, Hydroscand has continued to develop a more sustainable workplace. Initiatives such as the expansion of renewable energy use, electrification of company vehicles, and investment in sustainable office spaces demonstrate a clear long-term vision.

Despite these achievements, there is still work to be done. The company will use 2024 data as a baseline for setting Science-Based Targets (SBTs) and continue to refine its emissions calculations. With a structured approach to supplier due diligence and continuous improvements in environmental and social governance, Hydroscand is well-positioned to drive meaningful sustainability progress in the coming years.



Malin Clarstedt, Sustainability Manager.

HYDROSCAND ID 19mm WP 28,0 MPa / 4060 psi MSHA

APPENDIX 1 - KPI INDEX

KPI	Result	Description	Report reference
Entities included in the report	19/19		-
Customer survey – participation (no of customers)	878		Pg. 13
Customer survey – result	3,58		Pg. 13
CSR self-assessment – A suppliers	100%	CSR assessment replies from segmented A suppliers	Pg. 14
CSR self-assessment – B suppliers	96,7%	CSR assessment replies from segmented B suppliers	Pg. 14
CSR self-assessment – C suppliers	20,1%	CSR assessment replies from segmented C suppliers	Pg. 14
CSR on site audit – A suppliers	15,4%	Performed CSR audit from segmented A suppliers	Pg. 14
CSR on site audit – B suppliers	2,2%	Performed CSR audit from segmented B suppliers	Pg. 14
Code of conduct signed – A suppliers	85%		Pg. 14
Code of conduct signed – B suppliers	75%		Pg. 14
Code of conduct signed – C suppliers	18%		Pg. 14
Sustainability training – local purchasers	70%		Pg. 14
Sustainability training – group purchasers	77,8%		Pg. 14
Code of conduct training – local purchasers	70%		Pg. 14
Code of conduct training – group purchasers	90%		Pg. 14
Total CO2 emissions (scope 1, 2 and 3)	41 181		Pg. 17
Gross total scope 1 emission	2 812		Pg. 17
Gross total scope 2 emissions	1 639		Pg. 17
Gross total scope 3 emissions	36 729		Pg. 17
Employee survey – Trust index	78%		Pg. 27
Employee survey – Participation rate	82%		Pg. 27
Total hours spent on training	4 512hrs		Pg. 29
% of employees who received performance dialogue during	73,9%	Target no. of employees 1 327	Pg. 29
% of employees who received goal setting dialogue during	34,6%	Target no. of employees 130	Pg. 29
Share women/men % Total employees	19/81%		Pg. 30
Share women/men % Managers	17/86%		Pg.30
Share women/men % Group management	22/78%		Pg. 30
Share women/men % Managing directors	8/92%		Pg. 30
Share women/men % Board of Directors	29/71%		Pg. 30
Number of near misses	102		Pg. 31
Total Number of accidents	68		Pg. 31
Number of days loss due to injury	252		Pg. 31
Number of accidents with sick leave	28		Pg. 31
LTIF ([Number of lost time injuries in the reporting period] x 1 000 000) / (Total hours worked in the reporting period)	8,20	Based in 2 000 worked hour per employee and year	Pg. 31
Whistleblower reports	0		Pg. 36
Reported Corruption incidents	0		Pg. 36
Information security incidents	6		Pg. 36
GDPR incidents	1		Pg. 36
Number of simulations sent out as part of cyber security training	5 395		Pg. 37
Participation rate in training (%)	66%		Pg. 37
No of reported real phishing attempts	275		Pg. 37

APPENDIX 2 – CSRD DISCLOSURE

Datapoint ID	Datapoint Name	Value	Unit
E1-5.1	Total energy consumption related to own operations	22 551	MWh
E1-5.7	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	7 678	MWh
E1-5.14	Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	3 489	MWh
E1-6.5	Gross Scope 1 greenhouse gas emissions	2 812	tCO ₂ e
E1-6.7	Gross location-based Scope 2 greenhouse gas emissions	901	tCO ₂ e
E1-6.8	Gross market-based Scope 2 greenhouse gas emissions	1 639	tCO ₂ e
E1-6.9	Gross Scope 3 greenhouse gas emissions	36 729	tCO ₂ e
E1-6.9.1	Gross Scope 3 greenhouse gas emissions - Purchased goods and services	31 501	tCO ₂ e
E1-6.9.3	Gross Scope 3 greenhouse gas emissions - Fuel and energy-related activities	1 014	tCO ₂ e
E1-6.9.4	Gross Scope 3 greenhouse gas emissions - Upstream transportation and distribution	2 155	tCO ₂ e
E1-6.9.5	Gross Scope 3 greenhouse gas emissions - Waste generated in operations	10	tCO ₂ e
E1-6.9.6	Gross Scope 3 greenhouse gas emissions - Business travel	376	tCO ₂ e
E1-6.9.7	Gross Scope 3 greenhouse gas emissions - Employee commuting	1 642	tCO ₂ e
E1-6.9.12	Gross Scope 3 greenhouse gas emissions - End-of-life treatment of sold products	32	tCO ₂ e
E1-6.10	Total GHG emissions location based	40 443	tCO ₂ e
E1-6.11	Total GHG emissions market based	41 181	tCO ₂ e



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Hydroscand, now an international business with over 1,600 employees, was founded more than 50 years ago by Björn Holmström. It is still family-owned, and a new generation is building the company to become even more sustainable.

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