M+S HYDRAULIC

2024

CODE OF ETHICAL CONDUCT OF "M+S HYDRAULIC" Plc AND ITS SUBSIDIARIES



Dear Colleagues, Dear Partners,

We, at M+S Hydraulic Plc, strive for excellence in all aspects of our business through dynamic and wise application of the latest knowledge, focusing our efforts on improving the environment and ensuring our contribution to society.

The core principles we work by are:

- ✓ *To provide our customers with the products they need and value, giving priority to their satisfaction;*
- ✓ *To maintain the highest possible quality that builds customer trust;*
- ✓ *We treat the work opportunities of every individual with the utmost respect;*
- ✓ *We view our business from a worldwide perspective as a global corporation and will contribute to the development of society by directing efforts toward creating a better environment;*
- ✓ *We will share our prosperity with all stakeholders, including customers, shareholders, and members of the group;*

What we do is important, but how we do it is equally significant. As we move forward, we must not forget the responsibility we have - to fulfill our commitments in the right way.

The Code of Ethical 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 toward achieving our economic goals. We expect you to be familiar with it, to understand it, and to observe its principles in your daily work.

Compliance with the Code is mandatory. It ensures the application of relevant standards for responsible behavior, which is a guarantee that M+S Hydraulic Plc will continue to be a company valued and respected by both 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 ALSO TO ENJOY TRUST BECAUSE OF THE WAY WE WORK.

Executive Member of the Board of Directors: *Procurator:*

Vasil Velev ..... Eng. Vladimir Spasov.....

Milko Angelov.....

Date: January 25, 2024

Sofia

TABLE OF CONTENTS

1.INTRODUCTION ..... **Error! Bookmark not defined.**
2.OUR BUSINESS PRINCIPLES 5
3. INTEGRITY AND BUSINESS STANDARDS 6
3.1. Gifts, invitations and donations 6
3.2. Sponsorship and donations 6
3.3. Prevention of corruption 7
3.4. Money laundering 7
4. REGULATORY COMPLIANCE 7
5. CONFLICT OF INTEREST 7
6. FAIR TRADE PRACTICES 8
7. RESPONSIBLE USE OF CORPORATE ASSETS 8
8. INFORMATION MANAGEMENT 8
8.1. Data protection 8
8.2. Inside information 9
8.3. Protection of employees' personal data 9
8.4. Information systems security 9
8.5. Misuse and use of confidential information ..... **Error! Bookmark not defined.**
8.6. Confidentiality of information 10
8.7. Communication 10
8.8. Intelectual property protection 10
9. RELATIONS WITH BUSINESS PARTNERS 11
9.1. Relations with customers 11
9.2. Relations with suppliers 11
9.3. Relations with state, municipal, public institutions, banks, media and other external communications 12
10. FAIR TRADE PRACTICES 12
11. HUMAN RIGHTS PROTECTION 12
11.1. Protection against discrimination – equal opportunities 13
11.2. Gender equality 13
11.3. Freedom of association and collective bargaining 13
11.4. Modern slavery /forced labor/ 13
11.5. Child labor 14
11.6.Тормоз и насилие 14
11.7. Обучение и личностно развитие 14
11.8. Работно време 15
11.9. Възнаграждение 15

12. ENSURING HEALTHY AND SAFE WORKING CONDITIONS 15
13. ENVIRONMENTAL PROTECTION 16
14. REPORTING VIOLATIONS OF THE CODE 16
15. MODIFICATION OF THE CODE 17
16. DISSEMINATION OF THE CODE 17

CODE OF ETHICAL CONDUCT OF
"M+S HYDRAULIC" Plc
AND ITS SUBSIDIARIES

1. INTRODUCTION

"M+S Hydraulic" Plc is a leading manufacturer of hydraulic products and related accessories. Our products find wide application across all sectors of industry and heavy machinery manufacturing. The company holds an 8% market share in global hydraulic product sales and is ranked as the fifth-largest 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. Together, they form the M+S Hydraulic Group.

This Code of Ethical Conduct of the M+S Hydraulic Group includes the fundamental principles, rules, and values that shape our corporate conduct framework and define our daily behavior and practices. This set of rules and principles describes the conduct we expect from our employees, as well as the way we conduct business with our customers, suppliers, and other partners. The companies within the M+S Hydraulic Group always operate in accordance with the relevant legal framework, regulations, and internal policies. Since we are aware that the legal framework may not cover all types of ethical and business conduct, we believe it is important for all our customers, suppliers, partners, and other stakeholders to be fully acquainted with our understandings and operating principles.

The present Code of Ethical Conduct of the M+S Hydraulic Group is based on the ten principles of the UN Global Compact, which aims to ensure that companies adhere to the ten universally accepted principles regarding human rights, labor conditions, the environment, and anti-corruption.

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

2. OUR BUSINESS PRINCIPLES

Since the very beginning of its operations, our company has been guided by the understanding that it can be competitive and efficient while simultaneously conducting its business in compliance with its principles and social responsibility.

This understanding defines our responsibilities toward all persons who come into contact with our activities. Commitment to these principles and our social responsibility are confirmed daily through the conduct of each of us, and they are essential for maintaining our direction of development.

The Management finds it its responsibility to inform all employees, partners, and suppliers of the Company about the principles that govern its operations.

The Company's activities, in relation to each stakeholder group, are situated within the following context:

- **In relation to our shareholders**: We aim to protect their investment and ensure a satisfactory return on their capital under conditions of full transparency.
- **In relation to our customers**: We make every effort to provide quality products and services under competitive conditions that satisfy our customers.
- **In relation to our employees**: We are aware that our employees are our greatest strength. Respecting their rights, ensuring good and safe working conditions, the absence of discrimination, and providing opportunities for development are prerequisites for achieving our corporate goals.
- **In relation to our business partners**: We believe in mutually beneficial relationships with customers, suppliers of products and services, as well as contractors who work with us, and we are committed to observing the Code of Ethical Conduct in our dealings with them. They, in turn, undertake the same commitment.
- **In relation to the public**: We operate as a responsible corporate citizen and contribute to the prosperity and progress of society as a whole.

3. INTEGRITY AND BUSINESS STANDARDS

The companies within the M+S Hydraulic Group are committed to operating with integrity. We adhere to ethical business practices and conduct our activities with transparency and reliability. We believe that the development and success of the M+S Hydraulic Group must be based on the excellence of our products and services. Corrupt or any other unethical practices are explicitly prohibited within 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 lawful practices.

3.1. Gifts, invitations and other donations

It is strictly prohibited to accept gifts, invitations, or donations that could call our integrity into question or appear to influence our professional decisions. Gifts should be politely declined in a manner that does not show disrespect to the giver. Employees must notify their immediate supervisor of any situation concerning the offering or acceptance of gifts.

An exception is made only for promotional items and souvenirs of insignificant value (e.g., pens, calendars), provided that their acceptance does not lead to a conflict of interest.

3.2. Sponsorship and donations

In the 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. Prevention of corruption

Any form of bribery or corrupt practices involving acceptance, offering, promising, or providing of any funds or items of value to a customer, government official, business partner, or third party to induce any improper actions regarding our business is strictly prohibited. In accordance with the 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 improper 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 the proper steps to ensure full compliance with the applicable regulations.

4. REGULATORY COMPLIANCE

All employees, officers, managers, board members, and any person acting on behalf of a Company within the M+S Hydraulic Group are expected to comply with the current legal framework and rules, as well as to observe the restrictions imposed. All employees are personally responsible for compliance with the laws and internal regulations of the Companies within the M+S Hydraulic Group. A fundamental priority is compliance with legislative provisions and internal instructions, as well as subsequent conduct that demonstrates law-abiding and legitimate behavior. In the event of any conflict between the law and the principles contained in this Code, the law shall take precedence.

5. CONFLICT OF INTEREST

A conflict of interest arises when the personal interests of employees interfere with or hinder their ability to act in the best interests of a Company within the M+S Hydraulic Group.

Such a conflict may occur when a Company employee takes an action or has interests that make it difficult to maintain objective judgment and effectively perform their duties, or in cases where a Company employee, relative, or friend receives a personal benefit due to a position held within the Company.

A Company employee is not permitted to offer their services simultaneously to a competitor, customer, or supplier of the Company; they must avoid any direct or indirect transactions with the Company's customers, suppliers, or competitors, except for the necessary actions aimed at fulfilling duties undertaken on behalf of the Company.

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

- **Disclosure/Reporting of Potential Conflicts**

Employees must immediately disclose to the Company material information regarding any relationships, ownership, or business interests (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

Upon disclosure of 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 its relationship with such person, business, or enterprise; or
2. requiring the employee to refrain from engaging in transactions on behalf of the Company with such person, business, or enterprise; or
3. requiring the employee to divest 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 within the context of free and fair competition. Our competitive position is based entirely on factors related to our professional success, specifically our ability to deliver innovation, quality, efficiency, reliability, and fairness. Consequently, 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 and competition protection legislation.

The Company prohibits any conduct intended to or constituting an obstacle, restriction, or distortion of free and fair competition.

7. RESPONSIBLE USE OF CORPORATE ASSETS

All employees of a Company within the M+S Hydraulic Group must protect the Company's assets, use them in an appropriate and responsible manner, and only for the intended business purposes. Corporate assets include tangible assets (facilities, software, equipment, furniture, office supplies, etc.) and intangible corporate assets, e.g., business or marketing plans, patents, utility models, ideas, payroll information, etc. All rights to the assets and all information created or received in the course of the employment relationship of an employee or an affiliated person within the Company shall remain the exclusive property of the Company, unless otherwise provided by applicable law.

8. INFORMATION MANAGEMENT

8.1. Data protection

In all business processes, we guarantee the protection of confidentiality in accordance with the applicable legislation. Any business or commercial information, trade secrets, as well as other exclusive information regarding a Company of the 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 authorization.

Employees of the M+S Hydraulic Group companies, during their employment with a Company and also after its termination, undertake not to disclose confidential information to third parties and must handle business and confidential information with the highest degree of discretion.

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

8.2. Inside information

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

8.3. Protection of employees' personal data

M+S Hydraulic Group accepts its obligations under the General Data Protection Regulation (EU) 2016/679 and the relevant Bulgarian legislation. We are committed to ensuring the confidentiality and protection of the personal information we collect regarding our job applicants, current and former employees, partners, and board members for the purposes of recruitment, human resources management, and payroll.

To this end, only the necessary information required by the authorities or contributing to the effective operation of a Company within the M+S Hydraulic Group is declared and stored, referring to the "PERSONAL DATA PROTECTION POLICY IN M+S HYDRAULIC". Information of this nature, and especially employees' personal data, is considered confidential, and only competent authorized personnel have access to it.

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

8.4. Information systems security

The availability and integrity of the Information Systems of a Group Company are of fundamental importance. Personal and professional data are protected against

unauthorized access, loss, or manipulation through any technical means available under the current national legislation.

8.5. Misuse and use of confidential information

During your employment, you may have access to information that is not known to the general public—information regarding the Company, its customers, or its business partners and suppliers—which is referred to as confidential information. Confidential information is protected by privacy and confidentiality as a Company asset, and all employees are obliged to maintain the confidentiality of such information and do not have the right to disclose it to third parties, including their relatives, without prior approval from the Board of Directors.

8.6. Confidentiality of information

All confidential business information of M+S Hydraulic Group must be protected, and all employees who, by virtue of their position within a Company in the Group, manage or have access to confidential information concerning the Company itself or its customers, partners, suppliers, or employees, must safeguard and maintain absolute confidentiality. In terms of performance of their duties and in any type of transactions or relationships with third parties, employees undertake not to disclose or provide in any way company's information or events that are private and confidential. Private or confidential information shall be information that has not been publicly disclosed or is not in the public domain. Private or confidential information may include (references are for exemplary purposes only) business or financial plans, financial or technical data, contracts, personal data of employees, and significant administrative changes related to the development and strategy of the Company. Private or confidential information may also include information relating to patents, utility models, business research data, new product plans, pricing policies, and lists of customers and suppliers.

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

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

8.7. Communication

Our communication includes complete, fair, accurate, and understandable information. We are committed to initiating timely, objective, and fair communication with our stakeholders, employees, customers, government bodies, regulatory authorities, and the media. All employees involved in the information-sharing process are responsible for behaving in accordance with this policy, as communication is of key importance to all business activities.

8.8. Intellectual Property Protection

The intellectual property of M+S Hydraulic Group shall include:

• patents, utility models, and innovations;

• trademarks and other subjects of intellectual property;

• trade secrets and other confidential information.

These are among the most valuable assets that all employees must protect.

At the same time, it is necessary to respect the existing intellectual property rights of others. Unauthorized use of such rights may expose the company and/or its employees to risks of compensation claims, financial penalties, or criminal prosecution.

The key to protecting our intellectual property lies, on one hand, in the timely and adequate assessment of new products, services, processes, software, and other potential intellectual property assets of the Company to determine whether they constitute potential inventions and/or possess certain distinctiveness/originality, and/or represent a trade secret for the Company. On the other hand, the infringement of the intellectual property rights of other entities must be prevented.

9. RELATIONS WITH BUSINESS PARTNERS

Relations of the Companies in the M+S Hydraulic Group with their business partners are characterized by the principle of fairness. A Company from the Group shall not offer customers, potential customers, municipal and state bodies and institutions, government agencies, or other representatives thereof, any rewards or benefits in violation of applicable law or generally accepted business practices. Employees of the Company undertake not to offer payments, gifts, or any other form of remuneration from third parties that could influence, or appear to influence, their objectivity in making professional decisions.

Furthermore, we expect our business partners to comply with applicable laws, generally accepted standards for social responsibility, and our fundamental principles and values, as described in this Code.

9.1. Relations with Customers

The relations we maintain with our customers are based on integrity and respect. We are committed to providing our customers with high-quality products and services and to seeking long-term cooperation, creating and maintaining relationships based on trust and mutual satisfaction. It is not permitted to realize personal profits in our cooperation with them, and it is prohibited to offer services that they do not need or that do not meet their long-term needs. We are committed to protecting the personally identifiable information we receive and process, which is required under applicable law to enable cooperation with our customers and suppliers.

9.2. Relations with Suppliers

Procurement shall be carried out in accordance with the laws and regulations of the countries where the Company conducts its primary activities. The Company expects its suppliers to comply with the Code of Ethics of M+S Hydraulic Plc and supports suppliers

who adhere to environmental regulations, occupational health and safety requirements, and demonstrate social responsibility.

The goal of M+S Hydraulic is to always conduct its operations by ensuring 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 defined criteria established during the auditing and evaluation of suppliers. Furthermore, the Company ensures compliance with the Code of Ethics of M+S Hydraulic Plc by its suppliers, which is set as a go/no-go criterion in the initial supplier assessment.

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

All relationships between the Companies in the Group and state, municipal, public institutions, and banks are based on the principles of correctness, transparency, cooperation, and non-interference, as well as on full respect for the role played by each individual entity. Any conduct that could be interpreted as devious or detrimental to the aforementioned principles shall be considered unacceptable;

The Company shall not support any events or initiatives that have a purely or predominantly political purpose;

The fundamental role of the media in informing the public and, in particular, the customers, is highly valued;

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

10. FAIR TRADE PRACTICES

We are committed to operating within the 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 obligated to comply with competition protection laws when dealing with our competitors, business partners, and customers.

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

11. HUMAN RIGHTS PROTECTION

We are committed to protection of human rights as set out in the UN Universal Declaration of Human Rights and the Conventions of the International Labor Organization (ILO). We are committed to ensuring that relations among us are characterized by dignity and respect. All employees in the Company benefit from the same opportunities, and their 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, not only because it is impermissible but also because we explicitly believe that this diversity distinguishes us and makes us stronger. We do not use any form of

forced, compulsory, or child labor. Abusive, demeaning, or threatening behavior, as well as any type of harassment, are unacceptable.

11.1. Protection against discrimination – equal opportunities

We shall not tolerate any type of discrimination, including discrimination related to gender, religion, age, nationality, social or ethnic origin, disability, beliefs, sexual orientation, or trade union membership. These principles apply and are implemented during the recruitment of new employees, as well as during the collaboration and professional development of our people. The only factors taken into consideration shall be experience, personality, performance, skills, and qualifications of each employee. Furthermore, diversity at every level of the workplace is encouraged.

11.2. Gender Equality

The M+S Hydraulic Group promotes equality between women and men.

This principle is based on:

- equal opportunities for women and men in all activities/departments of the companies;
- equal access for women and men to all resources;
- equal treatment of women and men and the prevention of gender-based discrimination and violence;
- balanced representation of women and men in decision-making departments;
- overcoming gender-based stereotypes.

11.3. Freedom of Association and Collective Bargaining

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

11.4. Modern Slavery /Forced Labor/

Modern slavery is a crime and a violation of fundamental human rights. Examples include slavery, forced and compulsory labor, bonded labor, and human trafficking, all of which involve the deprivation of a person's liberty in order to exploit them for personal or commercial gain.

M+S Hydraulic Group does not use or support the use of any form of modern slavery – forced labor, including prison labor, indentured labor, bonded labor, military labor, slave labor, or any form of human trafficking. The 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 its business dealings and relationships, as well as to implementing and enforcing effective systems and controls to ensure that modern

slavery does not exist anywhere in our business or in any of our subsidiaries, requiring 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 the child, 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 its companies. By way of exception, young workers may be hired only for the purpose of conducting production practices in pre-approved specialties, such as practical training under a dual education system for acquiring professional experience or during company-approved short-term internships, but they are never allowed to perform work that could jeopardize their health and safety or hinder their education or vocational guidance and training, and they are exempt from overtime and night shifts.

We ensure that hired young workers are above the required minimum age for work and above the local age for completing compulsory education, that the work is easy to perform and safe, and that it allows the child access to education. The employment of young workers is carried out in close cooperation with their parents, mandatory in the presence of a relevant mentor, and in accordance with the requirements of organizations that protect the needs and rights of children.

M+S Hydraulic Group complies with the International Labor Organization (ILO) definitions for the minimum age for admission to employment or work. This age shall not be less than the age for completing compulsory 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 based on any other legally protected category), threats, rude behavior, or lack of respect, as well as offensive comments arising during, related to, or in connection with work, including violence and gender-based harassment and sexual harassment, are prohibited. Furthermore, any form of threat or violence in the context of professional activities within or outside the Company's premises is prohibited. Any form of harassment must be reported immediately, not only by the victim but also by any person who becomes aware of such a fact.

11.7. Training and Personal Development

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 for training on matters it considers relevant to the employee's work and/or functions. Opportunities for employee training and development are identified periodically, and when deemed justified, training is organized for the employees.

• Personal Development

Personal development (in terms of employability) is considered a shared responsibility between M+S Hydraulic Group and the employees. This shared responsibility should be reflected in the contribution 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 further training courses and supports them when such additional training is deemed necessary. M+S Hydraulic Group will promote policies aimed at developing skills related to the companies' activities and in accordance with the talents of its employees.

11.8. Working Hours

M+S Hydraulic Group recognizes the right to work, rest, and leisure, and therefore always complies with local laws and regulations regarding working hours and overtime. In addition, in accordance with the International Labor Organization (ILO) report on the application of conventions and recommendations relating to working hours, M+S Hydraulic Group generally 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 weekly rest. In this way, M+S Hydraulic Group aims to ensure workplace safety and to promote a healthy work-life balance for its employees.

11.9. Remuneration

M+S Hydraulic Group complies with the legal requirements for minimum wage and minimum social security thresholds set by the government of the country where the company operates locally. M+S Hydraulic Group strives to compensate its employees for the work performed and the results achieved with remuneration that ensures an adequate standard of living. The remuneration policy emphasizes internal equity, external comparability, and competitiveness within a specific labor market.

12. ENSURING HEALTHY AND SAFE WORKING CONDITIONS

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

The 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 developing and implementing effective occupational health and safety systems, standards, and practices that correspond to our activities.

The Company implements an occupational health and safety program aimed at providing and maintaining healthy and safe working conditions and minimizing risks for employees, visitors, contractors, and those persons who may be affected by the

Company's activities, while simultaneously meeting customer expectations for safe products and high-quality services.

Employees are prohibited from consuming alcohol and drugs during working hours, while on Company premises, or off-site while on official business, or while driving motor vehicles owned or leased by the Company. This prohibition applies to any other work site where employees may be sent during working hours. Furthermore, it is prohibited to work under the influence of alcohol or illegal substances.

13. ENVIRONMENTAL PROTECTION

Environment does not belong to us; we borrow it temporarily from future generations and must return it in conditions that are suitable for life.

M+S Hydraulic Group is strongly committed to conducting all its commercial activities with a sense of social responsibility, considers the impact its activities may have on the environment and its sustainable development goals, and is committed to carrying out its work activities in compliance with current legislation and the application of high environmental standards at the internal corporate level.

M+S Hydraulic Plc is a responsible company and works continuously to reduce the impact of our production on the environment. We always strive to maintain and use environmentally friendly solutions in our products, processes, deliveries, and materials, while simultaneously avoiding adverse effects that could affect the health of our employees, cause harm, and impact biodiversity.

The Company has its own treatment plant for domestic and industrial wastewater 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 timely and continuously to achieve energy efficiency. In this regard, M+S Hydraulic Plc has set a goal to use energy more efficiently in its production and administrative areas and has committed to using a rooftop system of solar panels, which further contribute to reducing energy consumption.

14. REPORTING VIOLATIONS OF THE CODE

All employees have the right to report to their supervisors cases where the content of the Code of Ethical Conduct appears to have been violated. The aforementioned disclosure may be submitted anonymously, is investigated carefully, and is resolved through procedures that guarantee the privacy and confidentiality of the name of the person who made the report, unless otherwise provided by law. Every complaint is reviewed, and appropriate measures are taken to rectify the issue and prevent its recurrence.

The Company encourages all employees to report violations through one of the several channels available to them without fear of retaliation. Employees may contact:

- Their direct supervisor or next-level manager;
- Human Resources Manager;
- Telephone: +359 431 62449 from 8:30 AM to 3:30 PM on business days;
- Email: signali@ms-hydraulic.com;
- Address: Republic of Bulgaria, Stara Zagora District, Kazanlak Municipality, Kazanlak, 68 Kozloduy Str., to "M+S Hydraulic" Plc, marked "Report on a violation of the Code of Ethical Conduct".

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

The purpose is to facilitate report submission as much as possible and ensure the widest possible accessibility. All complaints are processed independently, impartially, without instructions, carefully, and confidentially by the persons responsible for handling reports or complaints about violations. The principles of a fair procedure and the protection of the reporting person are of paramount importance.

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

The reports will be reviewed, and corrective and repressive actions will be taken where required.

15. MODIFICATION OF THE CODE

The Code of Ethical Conduct has been ratified by the Board of Directors of M+S Hydraulic and may be amended or revoked only by the Board. All modifications or revocations shall be duly disclosed.

16. DISTRIBUTION OF THE CODE

The Code of Ethical Conduct is disclosed to employees by distributing a copy (electronic or printed) upon receipt. Newly appointed employees are introduced to the Code on their first day of work. Furthermore, the Code of Ethical Conduct is published on the internal network and the Company's website and has been distributed to all employees. It is also accessible to all our partners - customers, suppliers, and external institutions—on the company website www.ms-hydraulic.com, and we expect them to share our ethical and business principles as well.

Behavior that does not comply with the rules of the Code of Ethical Conduct is not tolerated by the company; non-compliance constitutes a breach of labor discipline under Art. 187, item 8 of the Labor Code and is subject to disciplinary action according to the established procedure.

□□□□□

The Code of Ethical Conduct was adopted by the Board of Directors on 25 January 2024 and supersedes the Code of Ethical Conduct adopted on 16 March 2017.