

Transparency Act Report 2023



HydrogenPro

1 Introduction

1.1 Scope

This report covers HydrogenPro ASA and all its subsidiaries and is prepared in accordance with the Norwegian Transparency Act section 5.

1.2 About HydrogenPro

HydrogenPro was founded in 2013 with a mission to design and deliver green hydrogen technology & systems. Our team consists of highly skilled and experienced employees, including key personnel with leading global hydrogen expertise. HydrogenPro is a Norwegian company listed on Oslo Stock Exchange. Our global presence has grown over the last years, and we now operate on multiple locations spread across Europe, Asia and North America.

HydrogenPro is an original equipment manufacturer of large-scale green hydrogen technologies and systems. Our core technology consists of electrolyser system including cell stacks, gas separator skid with controls hereof. The electrolyser system delivered by HydrogenPro is energy efficient, flexible, and well proven. Our technology is referred to as high-pressure alkaline system which delivers the hydrogen and oxygen gas with a pressure directly from the cell stack. The high-pressure alkaline technology is suitable for renewable energy input, and the electrolyser size we deliver is a perfect match for large-scale industrial applications such as power-to-gas, ammonia, and steel production.

2 Policies and guidelines – Human Rights and Labour Practices

2.1 Corporate commitments

HydrogenPro places great emphasis on respecting human rights and promoting decent working conditions, both in our own operations and in our value chain. Respecting human rights is deeply embedded in HydrogenPro's operations and a part of our risk management processes.

For more detailed information on corporate governance in HydrogenPro we refer to the NUES Corporate Governance Report, part of the Integrated Annual Report for 2023 found on our web page: <https://hydrogenpro.com/wp-content/uploads/2024/04/Annual-report-2023-final.pdf>

As an international company with global operations, HydrogenPro is committed to respect and promote human rights across our value chain and in dialogue with our stakeholders. HydrogenPro is working proactively to mitigate potential adverse impacts to human rights or decent working conditions caused by our own operations and operations in our supply chain. We have made a commitment to comply with key international policies and principles and have implemented the following into our internal guidelines and policies:

- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- International Bill of Human Rights
- ILO Convention

2.2 Policies

2.2.1 Code of Conduct

Our Code of Conduct sets out the expectations, commitments, and requirements for ethical conduct for HydrogenPro's business operations. The Code of Conduct applies to HydrogenPro ASA and all its subsidiaries, including all employees, the Board of Directors, consultants and hired contractors.

The Code of Conduct states that HydrogenPro works to systematically support and promote human rights through our business operations, as well as in our relations to suppliers, customers, business partners, and other stakeholders. HydrogenPro is committed to preserve and safeguard the human rights of anyone affected by the Company's business operations. This should be done by commencing risk-based due diligence assessments of HydrogenPro's operations, including supply chain and business partners. This report is the result of such a due diligence assessment.

The Code of Conduct is publicly available on our web page:

<https://hydrogenpro.com/wp-content/uploads/2023/06/HydrogenPro-Code-of-Conduct-30-June-2023.pdf>

2.2.2 Anti-Bribery and Corruption Policy

Our Anti-Bribery and Corruption Policy sets out the expectations for HydrogenPro employees to comply with the company's zero tolerance policy for corruption and bribery.

The policy is aimed at creating awareness and ensure that all HydrogenPro employees have the required knowledge to identify what constitutes corruption and/or bribery, and how to act and appropriately address such issues that arise. Particular focus is placed on issues that might be more difficult for an average employee to identify as corruption or bribery, such as trading in influence and gifts/hospitality from business partners.

The Anti-Bribery and Corruption Policy is publicly available on our web page:

https://hydrogenpro.com/wp-content/uploads/2023/10/AntiBribery_Corruption_policy.pdf

2.2.3 Supplier Code of Conduct

Our Supplier Code of Conduct covers a wide range of issues, including legal and compliance, human rights, labour standards, health and safety, environmental protection, business ethics, and responsible sourcing. By adhering to this Code, we expect our suppliers to demonstrate a commitment to ethical and sustainable business practices. The Code of Conduct for Suppliers and Third-Party Intermediaries sets out our expectations for non-discrimination and fair treatment, working hours and wages, child labour and forced labour, and health and safety.

The Supplier Code of Conduct is publicly available on our web page:

https://hydrogenpro.com/wp-content/uploads/2023/04/HPRO-Supplier-Code-of-Conduct-Version-EN-Rev.02_web.pdf

2.2.4 Whistleblower Policy

HydrogenPro has a whistleblower policy providing instructions on how employees and third parties shall address and report critical concerns to the executive level and board level. All employees and third parties are encouraged to report incidents of concern. Issues can be reported anonymously, and the matter will be handled by relevant channels. A whistleblower channel hosted by an external service provider will be available on our website from 30 June 2024.

The Whistleblower Policy is publicly available on our web page:

https://hydrogenpro.com/wp-content/uploads/2024/03/Varslingsrutiner-HyPro_engelsk_nov-2023-1.pdf

3 Due diligence assessment of adverse impact on human rights and decent working conditions

3.1 Sustainable and local manufacturing and supply chains

Our main business activity, the manufacturing of our electrolyser systems, has significant social and environmental impact on our surroundings, such as energy and water consumption, waste disposal, emissions, and supply chain management, including human rights and working conditions along the product value chain.

HydrogenPro strives to create a strong and resilient network of suppliers that match our quality requirements, delivery schedules, and capacity needs. As an industrial company with advanced technology, we highly depend on suppliers that meet our technical specifications and standards. Therefore, the process of sourcing from a new supplier requires a thorough assessment that involves close communication with the supplier management and visits to their manufacturing sites. When we approach new suppliers, environmental and social sustainability are topics we address. We are committed to driving positive change not only in our own operations, but also through collaboration with our suppliers.

3.2 Due diligence assessment of human rights and decent working conditions

Since 2022 HydrogenPro has conducted yearly due diligence assessments of our business partners and our supply chain, to identify and mitigate actual and potential negative impacts on human rights or decent working conditions. Since 2022 new measures have been implemented to strengthen the procedure. This includes using factory visits and audits to both prequalify and re-approve suppliers.

HydrogenPro has approximately 120 active suppliers providing products and/or services to the company. Following a risk-based approach, a selection of the suppliers was chosen for audits in 2023 based on the following criteria:

- Recurring purchases vs. transactional purchases: Focus on suppliers where we have recurred business and a growing spend with in 2023.
- Key suppliers: The importance of the supplier for our operations – either single source or technology critical.
- Products vs. services: Prioritising suppliers providing products and suppliers providing services with direct impact on project execution.
- Some of HydrogenPro's operations are in geographical areas that have traditionally had a higher risk of human and labour rights violations. To mitigate the increased risk of human and labour rights violations, additional attention has been placed on the due diligence assessment in these areas.

Based on the above list, 53 suppliers were included in the 2023 due diligence assessment. 18 of these were handled from our Chinese offices, and 35 from our Norwegian offices. It was necessary to split the execution of the assessment, due to the need for local language capabilities when coordinating with our Chinese suppliers.

For the due diligence assessment, we used a questionnaire developed by a Norwegian law firm to meet the supplier due diligence and qualification processes, including ESG and Transparency Act requirements. The questionnaire was sent to the chosen suppliers, asking for feedback and supporting documentation. The questionnaire contained several questions on the topics of human rights, labour rights, supply chain compliance, and health & safety.

For the suppliers handled from Norway, the questionnaire was created in our supply chain management system, Ignite Procurement, and the selected suppliers entered information and uploaded supporting documentation directly into the online system. Out of the 41 suppliers chosen for the assessment, 35 responded (85%), with an additional six on-site audits conducted in countries such as Norway, Germany, France, the UK, Italy, Spain and Romania. Based on the information provided, we assessed if there were any actual or potential adverse impact on human rights or decent working conditions discovered. After the due diligence assessment was concluded, mitigating efforts were identified.

For suppliers to our production facility in Tianjin and sourcing center in Shanghai (collectively referred to as HydrogenPro China), we categorized suppliers into tiers, based on the selection criteria mentioned above. 18 suppliers were identified and all have responded to the questionnaire with supporting documents. Onsite audits were carried out to all these suppliers to gain further insight into the true level of implementation of relevant procedures.

3.3 Actual and potential adverse impact on human rights and decent working conditions in our supply chain

3.3.1 European suppliers

A significant majority of the suppliers, specifically 30 out of 35, have a Corporate Responsibility Policy in place. This represents 85.7% of the suppliers, indicating a strong commitment to corporate responsibility across the supply chain. Furthermore, most suppliers, 32 out of 35, have guidelines requiring their own suppliers to refrain from actions that violate fundamental human rights. This accounts for 91.4% of the suppliers, showcasing their diligence in ensuring adherence to fundamental human rights throughout the supply chain. A proactive approach to managing supply chain risks is evident, with 29 out of 35 suppliers including requirements for their relevant suppliers to perform risk-based due diligence assessments. This constitutes 82.9% of the suppliers.

Compliance with the International Labour Organization (ILO) Core Conventions is also notable, with 31 out of 35 suppliers adhering to these standards, making up 88.6%. The few non-compliant cases were primarily due to a lack of awareness rather than a deliberate disregard, and these suppliers still fully respect local national laws, which align with the ILO conventions. Ethical practices are robust, as evidenced by 29 out of 35 suppliers having a code of conduct that includes anti-corruption, human rights, and other ethical guidelines. This represents 82.9% of the suppliers.

Moreover, 28 out of 35 suppliers require relevant suppliers to notify them of any failure to comply with their policies, either internally and in the supply chain, accounting for 80% of the suppliers. This indicates that most suppliers have mechanisms in place to be alerted to compliance failures, facilitating timely interventions.

Commitment to maintaining high safety standards is demonstrated by 23 out of 35 suppliers possessing an ISO Health and Safety management system certificate, representing 65.7% of the suppliers. However, there is a notable concern with safety measures, as 24 out of 35 suppliers reported relevant HSE accidents in the last two years, accounting for 68.6% of the suppliers. This suggests a need for enhanced safety measures to reduce incident rates. Finally, 31 out of 35 suppliers ensure that new employees have basic knowledge of industry Quality, Health, Safety, and

Environment (QHSE) standards and keep this knowledge up-to-date. This represents 88.6% of the suppliers, showing a strong emphasis on maintaining overall quality and safety in operations.

In summary, while the data reflects a commendable commitment to corporate responsibility, human rights, and safety standards among suppliers, there are areas that require attention, particularly in reducing HSE incidents and increasing the adoption of ISO Health and Safety management system certificates.

3.3.2 Chinese suppliers

Through desktop risk assessments, HydrogenPro China found no actual or potential indications of human rights violations among the assessed suppliers. However, some suppliers showed deficiencies in labor rights and supply chain compliance.

In an on-site audit of 18 suppliers, HydrogenPro China identified one supplier with an ESG assessment result of "No", indicating non-compliance with our requirements in areas such as human rights, labor rights, and supply chain compliance. The main issues were the lack of environmental impact assessment and inadequate on-site EHS management.

Based on the desktop risk assessments and on-site audits, HydrogenPro China did not find any instances of child labor or forced labor within the supply chain, nor any violations of the right to freedom of association and collective bargaining. However, we did identify potential adverse impacts in other areas of labor rights and supply chain compliance among some suppliers.

These potential risks are primarily related to the supply chain of the assessed suppliers and include issues such as:

- Lack of sound management systems for human and labor rights, including arrangements for workers' working hours and on-site management of occupational health and safety;
- Insufficient development in building systems and providing training related to human and labor rights, necessitating appropriate monitoring processes and capacity building mechanisms;
- Inadequate supply chain management and insufficient human and labor rights requirements for sub-suppliers.

4 Preventive efforts

The Code of Conduct and the Anti-Bribery and Corruption Policy are part of the onboarding procedure and a global training program for all employees. Increased knowledge and awareness internally are important in our efforts to reduce risk for adverse impact on human rights and decent working conditions. In 2023 this has been followed up with internal training by external resources.

In addition to efforts aimed at our employees, we constantly work with our supply chain to uphold the high standards we expect in relation to human rights and decent working conditions. Our expectations are communicated to suppliers through HydrogenPro's Supplier Code of Conduct and General Terms and Conditions and given binding effect as part of our supplier agreements. In 2023 we have strengthened both our General Terms and Conditions as well as the Supplier Due Diligence Process.

Most of the preventive efforts set out in our last Transparency Act Report has been implemented throughout 2023, but some efforts were somewhat delayed into 2024, including establishing an external whistleblower channel and preparation of an action plan for follow up on violation of human rights.

Throughout 2024 we intend to continue building and expanding on previously implemented measures. The Company has initiated a follow up of the supply chain management including a bi-annually follow up of enforcement of procedures and policies, to address some of the concerns mentioned in item 3.3.2 above.

To improve Health, Safety, and Environment (HSE) performance, we will implement several measures. First, we will enhance our safety training programs to ensure all employees and suppliers are thoroughly educated on HSE protocols and best practices. Second, we will increase the frequency and rigor of safety audits to identify and address potential hazards proactively. Third, we will incentivize suppliers to obtain ISO Health and Safety management system certification by offering support and resources to ease the certification process. Additionally, we will establish a more robust incident reporting system to ensure timely and transparent communication of HSE incidents, enabling quicker responses and more effective corrective actions. Finally, we will foster a culture of continuous improvement by regularly reviewing and updating our HSE policies and procedures to align with the latest industry standards and technological advancements. These

measures aim to significantly reduce HSE incidents and enhance overall safety across the supply chain.

In addition to these measures, we are strengthening the distribution of our Code of Conduct for Suppliers and Third Parties and launching a campaign in 2024 to ensure that key and critical suppliers, as well as those we engage with during bidding and qualification processes or conduct business with, formally confirm that they have read and understood the HydrogenPro ASA Supplier Code of Conduct. We will continue to conduct audits and provide improvement suggestions to the audited suppliers.

Oslo, 30 June 2024.

(Electronically signed)

Dag J. Opedal

Chair

Jarle Tautra
Board member

Geir Bredo Larsen
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Bjørn Hansen
Board member

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