

Human & Labour Rights Due Diligence in Systemair

Introduction and contents

The purpose of this document is to ensure that risks related to human and labour rights are managed in a responsible and structured manner for companies in the Systemair Group. This document clarifies the due diligence process stated in [Systemair's Code of Conduct](#). Due diligence is the process enterprises should carry out to identify, prevent, mitigate and account for how they address these actual and potential adverse impacts.

The risk process presented in this document is developed to be in line with the [OECD Due Diligence Guidance for Responsible Business Conduct](#) and the [UN's Guiding Principles on Business and Human Rights \(UNGPs\)](#).

The responsibility to respect human rights is distinct from issues of legal liability, which are largely governed by national law. Even if not legally obligated to do so, companies are still expected under the UNGPs to provide for or cooperate in remediation as part of their responsibility to respect human rights.

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Scope

This document describes the process to manage risks related to human and labour rights in Systemair's own operations, applicable for Systemair AB and its majority owned subsidiaries.

Due Diligence process

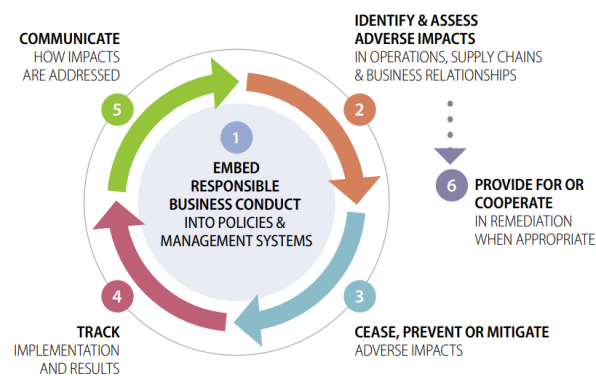
Introduction on Human Rights Due Diligence

Human rights due diligence should be an ongoing process that is built into a company's annual rhythm of business. It enables a company to identify its most severe - or salient - human rights risks, and manage them effectively over time.

Adverse social, environmental and economic impacts on people can become adverse human rights impacts when reaching a level that interferes with people's enjoyment of their human rights. When these issues become particularly severe for affected people, they should become the highest priority for a company to address: in other words, they become salient human rights.

The guidelines in this document refer to the likelihood of adverse impacts on people, the environment and society that Systemair causes, contributes to, or to which it is directly linked. In other words, it is an outward-facing approach to risk.

Taking into account that due diligence should be commensurate with risk and appropriate to a specific enterprise's circumstances and context, the following sections outline measures: (1) to embed responsible business conduct (RBC) into the enterprise's policies and management systems; to undertake due diligence by (2) identifying actual or potential adverse impacts on RBC issues, (3) ceasing, preventing or mitigating them, (4) tracking implementation and results, (5) communicating how impacts are addressed; and (6) to enable remediation when appropriate.



OECD Due Diligence six step process

To respect human rights requires companies to make their best efforts to first engage directly with affected stakeholders when performing the due diligence process. The due diligence process is described in this document as a step-by-step activity, although in practice the process of due diligence is ongoing, iterative and not necessarily sequential, as several steps may be carried out simultaneously with results feeding into each other.

1. Embed responsible business conduct

Systemair regularly reviews and updates existing policies on responsible business conduct and, if needed, implements additional policies and processes on what is required to uphold a responsible business conduct.

Systemair's Code of Conduct contains the Groups most important guidelines on responsible business conduct. This document has been developed to further strengthen Systemair's work with upholding human and labour rights. Systemair Global Management System (SGMS) is Systemair's management system containing key policies and other documents on maintaining a responsible business.

Group Management together with each Systemair company's MD and Business Board have an extra responsibility in upholding human and labour rights. The Code of Conduct stipulates these responsibilities and the importance of proactiveness and communication of potential or actual human and labour related incidents. In addition, Systemair has a whistleblower function in place available for anonymous concerns, managed by an independent third party.

2. Identify & assess adverse impacts

The initial risk identification and assessment are based on the country of operations for a Systemair company and size of company, that is based on number of employees. Furthermore, consideration is also given to whether the company has manufacturing operations. For country risks on human and labour rights two indices are used:

- Human freedom index (<https://www.cato.org/search/category/human-freedom-index>)
- Workers' rights index (<https://www.globalrightsindex.org/>)

Internal stakeholders also play an important part of the identification and assessment. Business board members, local management and other key roles have a responsibility to inform Group Management on possible or actual violations of human and labour rights if been made aware of, or otherwise discovered information implying such.

Local management must arrange for dialogue with key stakeholders such as trade unions, where these exist, as part of the identification and assessment. Meaningful engagement with key stakeholders should always be pursued, i.e. it 'involves the good faith of all parties'.

The output from the initial identification and assessment are used to plan for necessary activities to further assess the possible human rights violations. The severity of the risk and type of risk determines necessary further activities to assess the adverse impact and most salient human rights risks.

Based on the information obtained the outcome is prioritised to determine necessary actions to cease, prevent or mitigate.

3. Cease, prevent or mitigate

Based on the outcome of the assessment of risks, any activities that are causing or contributing to adverse impacts are investigated of how to best cease, prevent or mitigate. Plans are developed, implemented and made fit-for-purpose to manage the actual or potential adverse impacts.

The plans should also include how to prevent or mitigate actual or potential adverse impacts on RBC issues which are directly linked to Systemair's operations, products or services by business relationships and thus not occurring in Systemair's own business.

4. Track

Identified and assessed risks with adverse impacts that Systemair is causing, contributing to, or is directly linked to are monitored and followed-up to ensure that activities aimed to cease, prevent or mitigate have the desired outcome.

Systemair's Business Boards have the responsibility to track identified adverse impacts connected to the subsidiary in question. Any important findings and lessons learned should be feedbacked to Group Management.

5. Communicate

Communication and transparency are important in the due diligence process. This document is one part of the communication presenting how the due diligence process is managed. If necessary, Systemair communicates relevant information externally on actual or in some cases potential adverse impacts including the outcomes of any activities to cease, prevent or mitigate.

6. Provide for or cooperate

If an actual human rights abuse has occurred, Systemair will provide for or cooperate in remediation to make amends for the harm caused. This might involve an apology, compensation, changing practices, or protection from further harm. An adverse impact has one or several victims and therefore engagement with them is crucial to understand what the appropriate remediation is.

If needed, additional grievance mechanisms should be implemented, focused on the specific issue, business activity or location. Where this is the case, it is important for coherence and complementarity between the already existing grievance mechanisms.

Responsibilities and annual schedule

Document ownership and approval

This document is approved by the President of Systemair Group, who also is responsible for the content, communication, and continuity of the process described in this document. Group Sustainability is responsible for developing and revising the document.

Annual schedule

The risk identification and assessment are renewed once per year to recalibrate priorities for activities to cease, prevent and mitigate. The output from the assessment is used to plan for necessary due diligence activities.