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# Supply Chain Due Diligence Act

*Policy Statement*

# Supply Chain Due Diligence Act



At Chart Industries, Inc. ("Chart"), we are deeply committed to respecting and promoting core universally recognized values, such as protection of human rights and environment, in all aspects of our operations and supply chains. With 64 global manufacturing locations and over 50 service centers throughout the U.S., Europe, China, Australia, India and South America, we maintain accountability and transparency to our team members, suppliers, customers and communities. This commitment is rooted in our values of integrity and accountability and reflects our adherence to internationally recognized business activities standards, such as the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the International Labour Organization (ILO) Core Labor Standards. One of the Chart top priorities is ensuring that our supply chain reflects our principles.

Chart views respect for human rights as integral to sustainable business success and our role as a responsible corporate citizen. Chart is a part of the UN Global Compact, which is a voluntary initiative based on CEO commitments to implement 10 universal sustainability principles, including support and respect for protection of internationally proclaimed human rights. We fully comply with the existing standards and principles in all the jurisdictions where Chart Industries, Inc. or one of Chart subsidiaries in the U.S. or the rest of the world are located.

We strongly believe that our performance is deeply linked to the environment we operate in and as such, Chart is committed to carefully monitoring environment-related risks in its own operations as well as in the operations of its suppliers. We strive to minimize the environmental impact of our products and our supply chain, and we contribute to many of the United Nations' Sustainable Development Goals, a global standard for a more sustainable future.

This statement is issued in compliance with the requirements of the German Supply Chain Due Diligence Act, or the SCDDA (in German Lieferkettensorgfaltspflichtengesetz, or LkSG) and it illustrates steps taken in order to integrate human rights and environment considerations into our daily business processes. Issued in accordance with Section 6 para. 2 of the LkSG, it outlines our principles and actions to protect and uphold human rights throughout our value chain and reaffirms our commitment to conducting business with integrity and respect for human rights and the environment.

This statement applies to Chart Germany GmbH and its subsidiaries in Germany.

## Chart Principles

As a company that is striving to uphold the high standards of human rights protection and to operate in such a way as to ensure that our performance is continually leading toward more sustainable and environmentally responsible practices, there are many principles set out in our internal policies by which all our employees and direct suppliers must abide, such as:

***Equality and Prohibition of Discrimination*** – At Chart, our [Chart Code of Ethical Business Conduct](#) highlights the importance of respect and fair treatment of each and every employee. Chart does not tolerate intimidation, discrimination and/or harassment in any form, including but not limited to derogatory comments, creation of a hostile work environment or any other form of oppression in a workplace. No employment decisions made are based on a person's characteristics that are improper or illegal to consider.

***Prohibition of Child Labor and Forced Labor*** – Chart does not tolerate child labor in any form. We are committed to responsible sourcing and combatting human trafficking and slavery in our supply chain.

***Transparency*** – Chart fully complies with the transparency requirements in supply chains in all jurisdictions where Chart is active, such as California Transparency in Supply Chains Act or German Supply Chain Due Diligence Act.

***Supplier Selection*** – The process of selecting business partners in Chart is built in such a way as to select only those suppliers who operate in compliance with all applicable federal, state and local rules, laws, codes and regulations and who fully commit to fair business practices. Our supplier selection process and audits help us to reduce supply chain risks.

***Freedom of association and collective bargaining*** – Our employees have the choice whether to join or not to join trade unions. Further, the employees have the right to bargain collectively, the exercise of which shall not be interfered with, penalized or retaliated against.

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**Safe and Healthy Working Conditions** – Safety is a top priority in Chart - our safety foundation is based on the principal belief that all safety incidents are preventable and that no task is so important that it cannot be done safely. One of the highest values of our culture is the protection of its people.

**Environment Protection** – Chart is committed to excellence in environmental performance. In 2023, we implemented a new Environment, Health and Safety (EHS) Policy, the goal of which is to ensure a top-class EHS culture and zero harm to our people and environment. Every year Chart provides accurate information about its Environmental, Safety and Governance (ESG) performance and publishes ESG Sustainability Report.

**Compliance with Human Rights and Environmental Regulations** - Chart is strictly following rules and regulations in all jurisdictions where it is active, which is highlighted in the publicly published statements outlining our compliance with the human rights protection, such as [Statement Regarding the California Transparency in Supply Chains Act of 2010](#) as well as the [U.K. Modern Slavery Act Disclosure Statement](#).

## Chart Preventive Measures

We strive to implement operational excellence in all Chart procurement activities. This includes continuous review of risk-based control measures of our supply chain including supplier screening and supplier management processes. Consideration is given to the type of products being bought, the production processes and locations in assessing the risks for the sourcing activity.

### *Preventive measures in relation to the supply chain*

In order to prevent any possible human rights violations in the supply chain, Chart provides all its direct suppliers with the [Code of Conduct for Business Partners](#) (the "CoC"), with which our direct suppliers must comply in order to begin cooperation with Chart. The Code of Conduct for Business Partners applies to all Chart business partners and introduces regulations and standards which our direct suppliers must follow, including the environment and human rights protection.

By entering into business with Chart and accepting the CoC, our direct suppliers certify that they are actively working in order to make their operations more environmentally sustainable, which includes abiding by all applicable environmental rules, regulations and laws as well as monitoring carbon footprint and reducing waste. Obligation to maintain an effective environmental policy and to minimize environmental impacts is imposed. Further, direct suppliers are tasked with responsibility in Health and Safety and Labor and Employment areas, ensuring fair treatment of employees and secure and safe work environment.

This procedure ensures that all our direct business partners commit to the principles of integrity and the highest standards of ethics and business conduct, and those who violate the laws face consequences up to termination of the business relationship with Chart.

Our Code of Conduct for Business Partners is being continuously updated to help encourage compliance with sustainable practices and human rights-related expectations. We continuously and actively collaborate with direct suppliers and partners to address risks, enforce compliance with our Code of Conduct for Business Partners, and take corrective action where necessary.

All Chart direct suppliers are expected to have appropriate business processes and policies in place in order to promote compliance within their own supply chains and all new suppliers are screened for evidence of unethical and illegal conduct before Chart agrees to do business with them. That is achieved through taking a risk-based approach when a new vendor is to be appointed, including steps to risk assess and thoroughly screen every potential direct supplier.

Chart's [Standard Terms and Conditions of Purchase](#) set out that Chart expects its direct suppliers, whether located in Germany or other areas, to comply with all applicable laws and regulations, adopt their own code of ethical business conduct and have policies established in areas of workplace health and safety, labor standards, and protection of the environment and resources.



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## *Preventive measures in relation to the employees*

All Chart employees receive Code of Ethical Business Conduct training upon hire and annually. There are further training courses taking place every year in Chart educating relevant stakeholders on health and safety, environmental protection and other internal policies, which every employee has an obligation to take and to successfully finish. Thus, it is ensured that all employees are being timely reminded of their own role in ensuring that all the internal processes and company policies are being correctly followed.

In Germany, training on the requirements of the LkSG is provided to local procurement teams.

## *Risk Management*

Chart is committed to ensuring transparency and adherence to human rights and environmental protection throughout the supply chain. All business relationships within the company are evaluated prior to and during their existence. The assessment is conducted through a risk-based approach, which includes due diligence measures such as reviewing compliance with legal and ethical standards, reputation checks, regulatory compliance checks and continuous performance monitoring in order to mitigate risks and uphold business integrity to maintain a reliable and responsible supply chain.

Direct suppliers who sign our purchase orders are obligated to allow us to conduct audits of their performance. Those who violate laws and regulations, including laws on human trafficking and slavery may face termination as a Chart supplier. Existing direct suppliers are screened on a regular basis to ensure ongoing compliance.

Chart uses a cloud-based platform to provide real time risk monitoring on compliance risk areas, and to provide alerts to buying organizations for review and action. If a risk is identified, then action is taken to understand the situation and take appropriate preventative measures with the supplier to minimize or prevent the environmental or human rights risk. Our procurement officials continually assess and develop direct supplier performance expectations in order to reduce supply chain risk.

In accordance with its obligations under the LkSG, the following actions are performed in Chart in order to secure a safe and reliable risk management framework:

**Risk Assessments** - Annual risk assessments (and ad hoc where applicable) are undertaken for own business area of Chart and for Chart's direct suppliers.

**Continuous monitoring and improvement** - The structure and functioning of the preventative and corrective measures is monitored and assessed annually and on ad-hoc basis in order to determine their effectiveness to support the internal framework ensuring protection of human rights and prevention and management of environment-related risks. We regularly review and update our policies, procedures, and training programs to align with evolving legal requirements and stakeholder expectations.

**Transparency and publishing of annual reports** - Chart is committed to transparent communication about our human rights efforts. We actively engage with stakeholders, including employees, suppliers, customers, and civil society, to promote awareness and collaboration in addressing human rights challenges. The details of this are published in our Annual ESG Sustainability Report.

**ESG Committee** - Chart formed a new ESG committee in 2023, which supports the governance of human rights and environmental wellbeing. This is comprised of leaders from across the organizations who meet regularly to ensure that the desired level of performance is being achieved and to identify improvement areas. Responsibilities are allocated organizationally and led functionally, to ensure ongoing compliance with the current legislation, including the LkSG and fulfilment of due diligence obligations by Chart's German subsidiaries.

**Human Rights Officer** - The Chart Executive Team assigns the operational responsibility for the implementation of our Human Rights Policy to Chart's Ethics Representatives, who together fulfil the role of Human Rights Officer (HRO). The HRO is responsible for monitoring human rights risk management processes and reporting regularly on these to the Global Sustainability Committee, which is integrated into the management/reports to the management. Nominated 'risk owners' in relevant internal functions are accountable for managing human rights risks in their

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respective area of operational responsibility, encompassing our own operations and supply chain. This includes carrying out annual risk analyses, the implementation of prevention and mitigation measures, and reporting on the outcome of these measures to the HRO/the management.

## Risk Analysis

In addition to existing processes for identifying risks in our supply chain carried out during onboarding and management of suppliers, in Chart, an annual risk analysis in order to identify the human rights and environment-related risks in its business area and the business area of its direct suppliers is performed. This is a risk-based approach is outlined further below.

The annual risk analysis program commences in September-October each year and includes six general phases of execution.

## Annual Risk Analysis Execution

Program Development	Identify Spend	Risk Assessment	Deeper Dive Risk Assessment	Risk Plan	Corrective Actions
<ul style="list-style-type: none"><li>• Key Site leads</li><li>• Review Objectives &amp; Processes</li></ul>	<ul style="list-style-type: none"><li>• Sites</li><li>• Country</li><li>• Classification</li></ul>	<ul style="list-style-type: none"><li>• Abstract Scoring</li><li>• Prioritization</li><li>• Risk Owners</li></ul>	<ul style="list-style-type: none"><li>• Deeper Dive</li><li>• Collect Knowledge</li><li>• Due Diligence</li><li>• Prioritization</li></ul>	<ul style="list-style-type: none"><li>• Supplier Specific Action Plan</li><li>• Risk Mitigation</li></ul>	<ul style="list-style-type: none"><li>• Review previous year incidents</li><li>• Review new Risk plans</li><li>• Follow ups</li></ul>

The first phase includes defining the program; ensuring key site leads are engaged together with a review of risk management processes to allow for any improvements or adaptations prior to execution of risk assessment.

The second phased includes data gathering and review by subject matter experts to ensure the entire spend population is captured and classifications are included to prioritize and identify risks. This includes factors related to the type and scope of purchase, country of origin, probability and severity of potential risk, and Chart's ability to influence the supplier. Subject matter experts in the business units develop an abstract scoring matrix to identify higher risk potentials for a more detailed review. Higher risk potentials are allocated owners in the business units to conduct a deeper dive analysis of risk and determine if further risk mitigation activities are required.

Where appropriate, a risk plan is developed with specific direct suppliers to manage or mitigate risks. Examples of plans may include filling in knowledge gaps, contract review meetings, contractual terms, audits, through to more significant actions involving escalation to senior leadership in both organizations.

In case any incidents with specific suppliers are registered in the previous year, the corrective actions taken are reviewed for lessons learned.

## Priority Human Rights and Environmental Risks

The risk analysis performed in Chart has not identified any significant risks for human rights and environmental-related risks. Due to the internal policies and systems set up in Chart, the risks are effectively prevented or are reduced to a low level in all areas of operation.

Generally, at Chart group level, Chart considers harm to environment, dangers to safety, discrimination and forced labor to be the priority risks in the supply chain, which are always properly addressed and reflected in our expectations towards out employees and suppliers through internal and external policies, documentation, and processes.

## Chart Corrective Measures

In the event that a potentially human rights or environmentally relevant issue occurs in connection with a direct

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supplier, the set-up systems that allow for immediate investigation and elimination or minimization of violation are engaged. Where appropriate, Chart shall enter immediate discourse with the business partner concerned in order to identify and eliminate the risk or violation within an appropriate timeline. In case recorded violations are severe, or there is no possibility to satisfactorily remedy a violation, the business relationship with parties concerned may be terminated.

A central portal has been created to register risks and violations together with control actions taken to take appropriate remedial actions. Any incidents and measures taken are carefully tracked in order to prevent similar occurrences in the future.

## Indirect Suppliers

Chart is also diligent in relation to the indirect suppliers, where the same risk management and risk analysis techniques apply to the extent applicable. Direct suppliers of Chart are obliged to be cautious and implement necessary policies in order to assess suitability of their suppliers, which is achieved through the clauses in Chart Terms and Conditions of Purchase as well as our Code of Conduct for Business Partners, where it is stated that it is the responsibility of the business partner to ensure that their suppliers comply with the CoC as well as to continuously monitor their supply chain compliance.

Where Chart comes into substantiated knowledge of human rights and environment-related risks in connection to an indirect supplier, the situation is mitigated by applying similar mechanisms of risk analysis and implementation of extra control and risk-avoidance measures where necessary.

## Grievance Mechanisms

Chart has established accessible and confidential reporting channels for employees, suppliers, and stakeholders to report human rights and environment-related risks as well as we as violations of human rights-related or environment-related obligations without fear of retaliation. All reports are thoroughly evaluated and followed up.

**Ethics Hotline** - Chart set up the Ethics Hotline, which employees are encouraged to use if they have any questions regarding ethics and compliance or if they have any concerns regarding possible misconduct or violations of the laws, the Chart Code of Ethical Business Conduct or any other Chart policies. All reports through the Ethics Hotline are treated as confidential and it is possible to report a concern anonymously. At Chart, the Ethics Representative is appointed, who provides guidance and who may be contacted in case of any concerns. Reports can be made through e-mailing the Chart Ethics Representative at [ethics@chartindustries.com](mailto:ethics@chartindustries.com), online on [chartindustries.ethicspoint.com](http://chartindustries.ethicspoint.com) or by calling a local number, which are available at [www.chart.ethicspoint.com](http://www.chart.ethicspoint.com).

**Whistleblower policy**: Our publicly available [Whistleblower Policy](#) ensures that each employee and stockholder can file a report in case they have a complaint or concern while being protected from threats of harassment, retaliation, discharge or other types of discrimination if a report is filed in good faith. The reports can be as well filed anonymously and can be sent through Chart ethics portal on [chartindustries.ethicspoint.com](http://chartindustries.ethicspoint.com), by email to [ethics@chartindustries.com](mailto:ethics@chartindustries.com), or by calling a local number as set out in the text of the Whistleblower Policy. The internal procedures setup ensures that the acknowledgement of the report is issued and the individual making the report will receive the follow-up in the specified time.

**Non-retaliation** - Chart strictly prohibits retaliation and/or threats of retaliations against persons who made a report about any concern in good faith. Any reports of suspected retaliation are investigated, and necessary measures are taken.

## Reporting

We document our due diligence requirements, risk assessments and corrective actions on an ongoing basis within the Chart Group and store these in line with statutory requirements. This Statement is subject to regular review and will be adapted to reflect changes in circumstances and processes as well as any findings stemming from the adapted risk assessment procedures or reports from stakeholders.