



Global policy

HMS Supplier Code of Conduct

Adopted by HMS Group Management Team, 24 September, 2022

Version 2



HMS Supplier Code of Conduct

HMS enjoys an invaluable reputation that has been built on a long and successful growth history. Honesty and fairness have always characterized our way of doing business and form an important base of this Supplier Code of Conduct, along with respect for people and the environment.

The Supplier Code of Conduct is approved by the HMS Group Management team, and is based on internationally recognized standards and principles.¹

This Code is in line with our internal Code of Conduct. It also reflects our sustainability framework: positive environmental impact in our value chain, responsible business practice, and employee engagement through personal and professional development - and we require our suppliers to have the same ambitions of leading by example, as we do.

Our Suppliers play an integral part in our sustainability journey, and we can never succeed with our ambitions without our partners and suppliers in the value chain. Your work for continuous improvements is crucial.

Thank you for being on the journey with us.

Staffan Dahlström, President and CEO



GLOBAL POLICY

Table of contents

Our General Requirements	2
Ethical Business Practices	4
Human and labor rights	5
The Environment	8
Concerns and violations	11

Our General Requirements

The Supplier Code of Conduct aims to explain what the HMS Group expects from you as an HMS supplier with regards to responsible business practices: ethics, human and labour rights and the environment. We also see conflict minerals as a risk in our supply chain, why this is explicitly included as a separate point.



SCOPE

For each area of the Supplier Code of Conduct, the HMS Group has defined two categories for our suppliers' sustainability performance and actions – requirements and aspirations:

REQUIREMENT

A requirement stipulates a basic level of expectation which all suppliers must comply with. A breach of a requirement is considered as a breach of the supplier agreement.

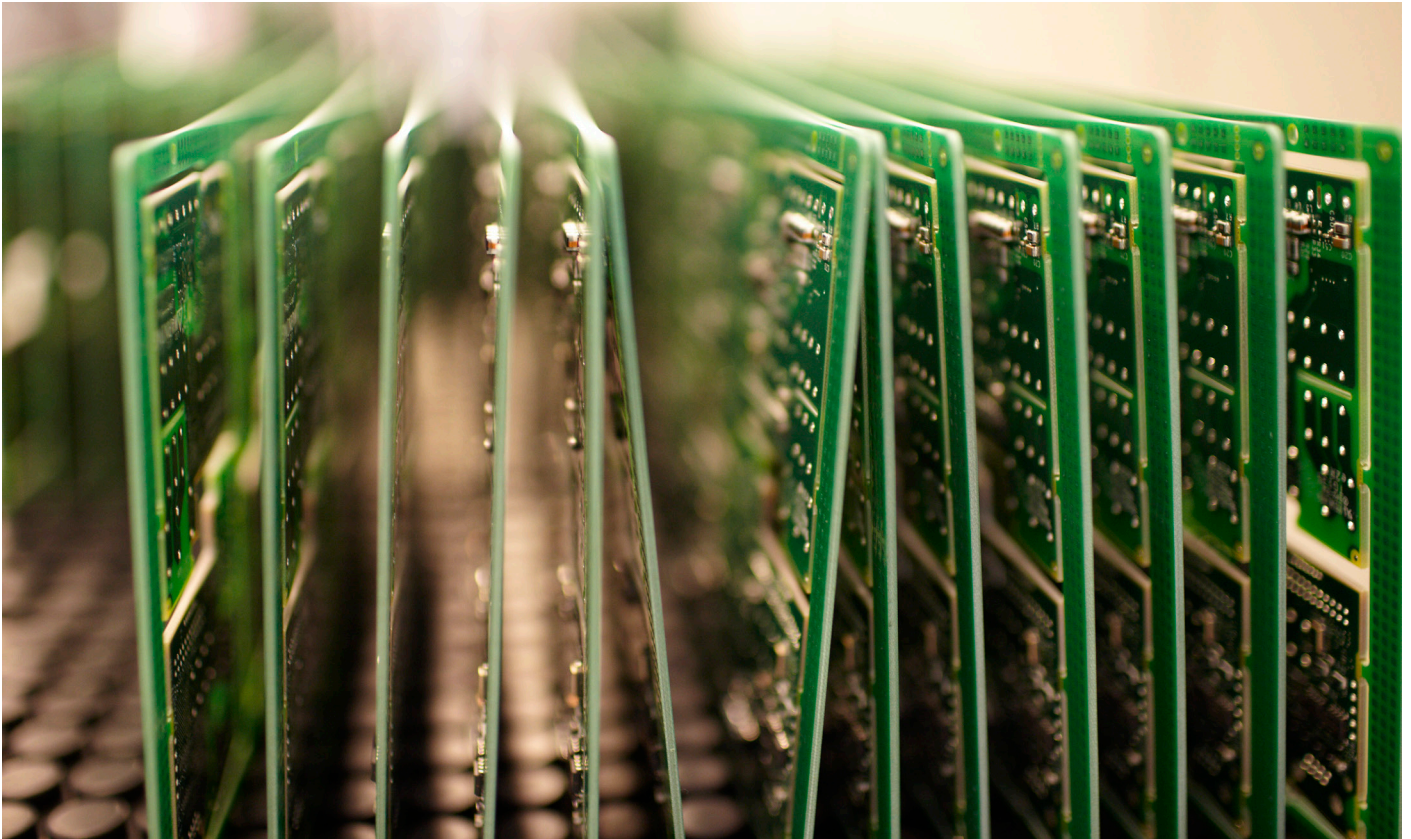
ASPIRATION

An aspiration refers to a more ambitious agenda, where the HMS Group encourages each supplier to commit to goals, targets and activities that continuously improve their sustainable performance and impact.

DEFINITIONS

The term “supplier” used throughout this Supplier Code of Conduct covers everyone that deliver goods and services to any entity in the HMS Group, such as suppliers, sub-suppliers, contractors and other partners, including their subsidiaries or affiliated entities, parents, agents and respective employees. The term “supplier” also relates to the supplier’s suppliers, sub-contractors and other business partners, with the purpose of cascading responsible business conduct through the entire value chain.

The term “employee” used throughout this Supplier Code of Conduct covers everyone working for or on behalf of a supplier. The term “employee” includes full-time and part-time employees, temporary workers, consultants, migrant workers, contractors, home workers, trainees and senior management.



SUPPLY CHAIN MANAGEMENT

The HMS Group continuously evaluates and selects its suppliers based on criteria including Quality, Cost, Delivery and Sustainability (QCDS), including their ability to meet with the requirements of the HMS Supplier Code of Conduct.

The supplier shall have implemented procedures designed to ensure a sustainable supply chain.² The supplier shall also have processes for risk assessment and due diligence regarding social and environmental impacts and risks. For identified significant risks, and by reasonable efforts, the supplier shall perform a risk analysis and put together an action plan with the ambition to cease, mitigate or terminate the risk(s) identified. Such risk analysis shall be made accessible for HMS upon request.

The supplier is encouraged to actively work for good knowledge about, and to perform due diligence and follow-up on its supplier base beyond first tier, and to adopt a value chain perspective on sustainability. The supplier is also encouraged to inform and communicate about their environmental impacts to stakeholders and to seek input and guidance among them in how to further improve their business.

COMPLIANCE

The supplier and its employees shall follow the laws and regulations in each country where it operates. The HMS Supplier Code of Conduct sets forth the minimum level of approved behaviour, even if it stipulates higher standards than required by local law. In case local law is more ambitious than the code, local law shall prevail.

Ethical Business Practices

HMS expects the supplier to be a responsible employer and to ensure that all its business is conducted in an ethical, transparent and trustworthy way.



FAIRNESS IN ALL BUSINESS RELATIONS

REQUIREMENT

The supplier and their employees shall stay committed to exercise fairness in all dealings. The supplier shall do business in an ethical, open and transparent way in order to demonstrate that they are an honest and reliable partner. Further, the supplier shall avoid situations where different types of interests (private, financial etc.) conflict with the employee's professional engagement.

The supplier shall further respect and comply with all applicable fair trade, competition and anti-trust laws and regulations. Nor shall the supplier have any anti-competitive discussions or enter into any anti-competitive agreements, including illegal price-fixing, market sharing, customer allocation or other illegal restrictive practices, at any level in the production or distribution chain.

ASPIRATION

The supplier is encouraged to implement a business code of conduct, a programme, training or recurring activities, applicable to all supplier's affiliate organisations.

ANTI-CORRUPTION

REQUIREMENT

The HMS Group has zero tolerance for all forms of corruption, bribery and extortion and we expect our suppliers and business partners, upstream and downstream, to align with this. Therefore, the supplier shall not engage in, endorse nor tolerate any form of bribery or corruption, directly or indirectly through intermediaries, business parties, stakeholders or any other third party. This includes offering, providing or accepting any gift or entertainment to an HMS employee that might influence, or appear to influence, an HMS employee's decision in relation to HMS' business with the supplier, or lead to any preferential treatment. Such benefits may involve not only cash but also job opportunities, favours, travel, facilitation payments, promises to pay debts or unlawful gifts and entertainment.

ASPIRATION

The supplier is encouraged to implement a whistle-blower process where its employees can anonymously raise any concerns of misconduct. Altogether, these measures should aim for risk prevention, transparency and capacity building in relation to bribery, and other unethical business conduct.

Human and labor rights



HMS suppliers shall support and respect the protection of internationally proclaimed human and labor rights and make sure that there is no complicit in human rights abuses.

RESPECT FOR THE INDIVIDUAL

REQUIREMENT

The supplier and their employees shall provide equal employment or occupation opportunities to all individuals without regards to gender, race, religion, age, disability, sexual orientation, nationality, social or ethnic origin, citizenship, union affiliation, political opinions or any other characteristics protected by applicable law.

The supplier shall also support diversity in the workplace. Furthermore, the supplier shall ensure that no employee is subject to verbal, psychological, physical or sexual harassment or abuse. The supplier shall also support freedom of expression. Lastly, HMS suppliers shall have implemented procedures designed to identify, assess, control, mitigate, track and follow up significant human rights impacts and risks.

ASPIRATION

The supplier is encouraged to promote diversity and inclusion and provide working conditions and equitable benefits that support human diversity. The supplier is also encouraged to engage constructively with relevant stakeholders in order to build awareness of how to detect and avoid discrimination. This is of certain importance if discrimination has been identified as a widespread societal issue.

FAIR EMPLOYMENT CONDITIONS

REQUIREMENT

The supplier and their employees shall have employment terms and wages that are fair and reasonable and comply with applicable laws, collective bargaining agreements and industry standards on working and resting hours, including overtime hours, as well as annual, sick and parental leave and any other applicable leave regulations. All employees shall have their employment terms in writing, in a format and language they can easily understand, and be made aware of their employment conditions.

The supplier shall not keep or withhold any identity papers, or ask for deposits for employment. Deduction from wages is permitted only if and to the extent prescribed by applicable law, regulations or collective bargaining agreements. Overall, HMS has adopted the Social Accountability 8000 (SA8000) as the reference standard for this Code.

ASPIRATION

The supplier is encouraged to use a pay structure that reflects the employee's experiences and skills.

FREEDOM OF ASSOCIATION

REQUIREMENT

In line with international conventions and local laws, all employees shall have the right to join or form labor unions, workers' councils and/or bargain collectively. Employees shall be able to openly share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, intimidation or retaliation.

In situations of conflict between international human rights standards and domestic law, HMS will strive to honour the spirit of international standards and allow alternative forms of worker associations, representation and bargaining.



ASPIRATION

The supplier is encouraged to engage with employee representatives, non-governmental organisations, industry associations or other relevant organisations to improve and maintain good relations between employers and employees.

MODERN SLAVERY, FORCED LABOR AND CHILD LABOR

REQUIREMENT

The supplier shall not be engaged in any form of modern slavery, human trafficking, forced or compulsory labor or child labor.³ HMS does not allow any of the above in its operations or in the operations of any supplier or other party with whom we cooperate.

ASPIRATION

The supplier is encouraged to have adequate policies and processes to prevent modern slavery, forced labor and child labor throughout its supply chain. The supplier is further encouraged to engage constructively with relevant stakeholders in order to build awareness around the issues.

HEALTH AND SAFETY

REQUIREMENT

The supplier shall provide a safe and healthy workplace for all employees and minimize exposure to safety hazards such as equipment, machines or hazardous substances, and ensure that safety hazards are identified, assessed and controlled.

The supplier shall also provide its employees with appropriate personal protective equipment and general information on health and safety, and have procedures for emergency preparedness in place such as emergency plans, fire safety procedures, evacuation drills and employee training on the procedures.


Employees shall further have ready access to hygienic toilet facilities, clean drinking water, hygienic food preparation, adequate ventilation, light and temperature levels, and acceptable levels of noise and dust pollution.



ASPIRATION

The supplier is encouraged to have a zero-vision for work-related hazards and take effective steps to prevent potential accidents and injuries to employees' health.

The environment



HMS suppliers are expected to act in an environmentally responsible manner, and to respect all applicable legislation.

EMISSIONS AND CLIMATE IMPACT

REQUIREMENT

The supplier shall comply with environmental laws, regulations and administrative practices in the countries in which they operate and in consideration to relevant international agreements, principles, objectives, and standards. As a minimum requirement, the supplier and their employees shall obtain and comply with all required environmental permits and restrictions, ensure safe handling and protection of the environment.

The supplier shall measure their GHG emissions and be able to provide HMS with data on emissions upon request. The supplier shall also strive to reduce its negative environmental impact in line with the Paris Agreement.

ASPIRATIONS

The supplier is strongly encouraged to have an environmental policy in place, along with an established and implemented environmental management system, such as ISO14001 or corresponding.

The supplier is also strongly encouraged to protect the environment, public health and safety through preventive and proactive actions, and strive for a climate positive business. The supplier's environmental agenda should ideally support the achievements of the HMS Group's sustainability objectives.



CIRCULARITY AND WASTE

REQUIREMENT

The supplier shall strive for energy efficiency and a limited waste disposal, including hazardous materials, responsible use of water and chemicals. The supplier shall have adequate resources to enable and promote circularity throughout the value chain, from product development to end use. Such resources can include, but are not limited to, policies, commitments, goals and targets.

ASPIRATION

The supplier is encouraged to strive for circularity in its value chain, and long-term sustainability in its service and product portfolio.

HAZARDOUS SUBSTANCES

REQUIREMENT

The supplier shall ensure that the goods provided to HMS are produced in compliance with requirements covered under the scope of all relevant regulations which include but are not limited to; REACH Regulation, RoHS Directive and

the EU Waste Framework Directive, including requirements for the SCIP Database. In addition, the supplier shall provide material declarations or compliance declarations upon request to prove regulatory material compliance.

ASPIRATION

The supplier is encouraged to actively seek alternatives to hazardous substances and substitute these with substances with less or preferably no negative impact on health and the environment.

CONFLICT MINERALS

HMS does not acceptance the use of any so-called conflict minerals in its products, and we expect our suppliers to share this strong commitment.

REQUIREMENT

The HMS Group recognizes the risks associated with conflict minerals and it is a top priority for us to actively avoid any such presence (products that benefit conflicts, violence or human rights abuses by financing armed groups and security forces) in our supply chain. Therefore, the supplier shall perform adequate due diligence

with respect to sourcing, extraction and handling of conflict minerals, namely 3TG minerals (tin, tantalum, tungsten and gold). The supplier shall also determine the source and the origin of such minerals in a reliable way.

Finally, the supplier shall provide information on smelters and refiners involved upon request to the HMS Group, and to avoid sourcing minerals that contribute to armed conflict or human rights abuses, in accordance with the EU Conflict Mineral regulation and the United States Dodd Frank Act, Section 1502.


ASPIRATIONS

The supplier is encouraged to engage all smelters and refiners in its conflict minerals supply chain in third party audit programmes.

The supplier is also encouraged to perform adequate due diligence similar to conflict minerals for any materials and minerals (such as cobalt, mica and rare earth metals) contained in the products delivered by the supplier to the HMS Group. This applies in all situations deemed applicable, e.g., that directly or indirectly contribute to human rights and/ or environmental violations.



Concerns and violations



It is important that we act when deviations occur from the principles of the HMS Supplier Code of Conduct.

The HMS Group reserves the rights to verify compliance with the Supplier Code of Conduct through a combination of dialogue and internal and/or external assessment mechanisms, including but not limited to self-assessments, surveys, site visits and audits to suppliers.

Audits can be conducted by HMS representatives or a professional third party contracted by HMS. If a supplier or any of its own (sub-) suppliers fails to comply with the requirements set forth in this Supplier Code of Conduct, the supplier shall take appropriate action to remedy the breach and prevent a recurrence of such breach in the future.

If a supplier encounters violations, irregularities or other issues conflicting with HMS Supplier Code of Conduct, concerns shall with no delay be raised to an HMS representative or HMS Global Supply Manager. Lack of cooperation or failure to comply with the requirements in HMS Supplier Code of Conduct may result in a reduction in business and, ultimately, an end to the business relationship with the HMS Group.