

## **HRS Group Ethical Purchasing Policy**

### **1.0 Introduction**

HRS Group recognises that dealing with different suppliers around the world is a complex task often requiring a good deal of local judgement and flexibility. However, wherever we are in the world, we should expect certain universal and minimum standards of business conduct from suppliers and employees. This is the basis of HRS Group's ethical purchasing policy.

### **2.0 Why is ethical purchasing important?**

HRS Group has a legal and ethical obligation to ensure its purchasing practices and standards place a priority on safety and are environmentally sound, efficient and well managed on behalf of our businesses.

We need to be able to work with our suppliers to ensure that they understand and adhere to the group's needs and business standards whilst appreciating the diversity of business cultures around the world. Our position on ethical purchasing is clearly defined in this document.

### **3.0 The group's commitment to ethical purchasing**

All employees who make commitments to suppliers are tasked with obtaining and retaining the best value, most competitive products and services available. However, managing purchasing and efficient supply is not just about getting the best value for money. It is also about making sure the products and services we buy are obtained from sources that respect our safety, health, environment, product quality, social, legal and ethical standards and sustainability requirements.

HRS Group's companies around the world are committed to operating to the highest legal, ethical and corporate responsibility standards. Adherence to the group's ethical purchasing policy has become a pre-qualification and condition to doing business with us.

#### **The group's policy is to seek to purchase goods and services which:**

1. Do not jeopardise people's safety in any way.
2. Comply in every aspect to legislation regarding their impact on the environment.
3. Are produced and delivered under conditions that do not involve the intimidation, abuse or exploitation of other people.
4. Are fair value for the price, quality and volume offered.
5. Meet government, industry and HRS Group's safety and quality standards.

Such considerations will form the backbone of the evaluation and selection criteria for goods and services purchased by the group.

HRS Group will seek alternative sources where the conduct of suppliers demonstrably violates the group's global Code of Conduct or local policies, and where there is no effort by the supplier to address that situation within an agreed time period.

## 4.0 Our Contract with Suppliers

By agreeing to supply HRS Group, suppliers should understand that they are also required to accept our ethical purchasing policy. Our suppliers must agree to work with us to continuously improve compliance to the standards set out below, both within their own companies and those of their own suppliers, further along the supply chain.

The implementation of the ethical purchasing policy is a shared responsibility between HRS Group and its suppliers. HRS Group will:

1. Communicate its commitment to the Supply Management Ethical purchasing policy and Code of Conduct, to employees and suppliers.
2. Provide guidance to suppliers who genuinely seek to promote and implement the policy's standards into their own business processes and in their relevant supply chains.
3. Seek to continually improve the way in which suppliers are appointed and supplier relationships are managed, audited and reported.

### **HRS Group expects its suppliers to:**

1. Ensure that their products and services are produced and delivered in line with all laws, local regulations and best industry standards and practices.
2. If requested by the group, report progress on implementing the ethical purchasing policy by describing actions taken and detailing future planned activity.
3. Accept responsibility for adopting and implementing acceptable safety, environmental, product quality, labour, human rights, social and legal standards under which products are made and services provided. This includes all work contracted or sub-contracted.
4. Highlight to the group any areas of legal or ethical concern so that both organisations can have a constructive dialogue about resolving any gaps and deficiencies.
5. Seek continuous improvement in the way the company produces and delivers its products and services and manages its supplier relationships.

### **Both parties will:**

1. Work together as far as possible to highlight and neutralise areas of risk and concern and non-compliance.
2. Ensure the immediate cessation of serious breaches of the ethical purchasing policy and, where these persist, terminate their business relationship.
3. Ensure all employees are aware of their individual obligations under HRS Group's ethical purchasing policy and Code of Conduct.
4. Recognise official regulation and inspection of workplace standards, and the interests of legitimate trade unions and other representative organisations.

## 5.0 Business standards required of our suppliers

HRS Group expects certain minimum standards of performance, business behaviour and legal and ethical compliance from its suppliers and everyone associated with the group, including employees that deal with suppliers. These minimum standards are:

### Safety, health and the environment

- We are committed to excellence in safety, health and environmental management. There are no higher priorities for us than the safety of our colleagues, customers, suppliers and local communities. We are committed to a goal of zero fatalities, injuries and incidents, believing that all are preventable. Consequently, HRS Group will aim to only trade with suppliers who place a high regard on safety.
- HRS Group will carefully consider any relationships with organisations that are proven to violate locally applied pollution legislation. If our relationship is deemed a risk and the organisation in question fails to resolve its behaviour or performance, we will seek to terminate the relationship.

### Labour and human rights

- HRS Group will aim to trade with suppliers who observe the UN's Universal Declaration of Human Rights (UDHR). Where a supplier is found to be in gross violation of the principles of the declaration, we will require a change of practice, working with the supplier to highlight concerns and develop mutually acceptable solutions. If this process fails, we will terminate the relationship.
- HRS Group will aim to trade with suppliers who pay their employees wages and benefits that meet local industry benchmarks and national minimum requirements.
- HRS Group will not trade with suppliers who impose excessive working hours and poor or unsafe working conditions on their employees.
- HRS Group will aim to trade with suppliers who do not discourage or prevent their employee from joining trade unions and other workers' associations.
- HRS Group will not trade with suppliers who abuse or intimidate their employees.
- HRS Group will only trade with suppliers who work within the laws of their country.
- HRS Group supports the elimination of child, forced and slave labour. In this regard, HRS Group has pledged its commitment to and participation in the UN Global Compact.

## 6.0 Policy Key points

- We recognise the safety, health, environment, social, legal and ethical impacts of all supply and procurement decisions, and will involve our suppliers in addressing issues that may arise. We expect our suppliers to assist us in minimising any negative effects and neutralising any risks.
- HRS Group reserves the right to terminate any future relationship in which a supplier materially fails to meet our quality, legal and ethical standards, after appropriate consultation.
- We will adopt and develop supply strategies and processes that attempt to achieve best value for money in procuring the goods and services that meet our needs and are within legal and ethical standards.
- We will develop relationships with our suppliers that are the most appropriate to gaining a mutual understanding of our needs and our suppliers' capabilities. These relationships will ensure consistency of quality, reliability, availability, timeliness, fitness for purpose and performance at affordable cost.
- We will work with suppliers, offering appropriate support, and make reasonable demands in relation to the improvement of existing standards.
- We expect employees of both the group and our suppliers not to deliberately mislead each other, or take advantage of genuine errors made by either party. Where errors are found to have occurred, both parties will endeavour to take the action necessary to remedy the situation and minimise the impact of any false information or error to each other.
- We expect HRS Group employees to act impartially and objectively in all their purchasing activities and to keep written records where appropriate to demonstrate that their actions have been fair and above reproach.
- We expect our suppliers to keep written records where appropriate to demonstrate that their actions have been fair and above reproach.
- When a HRS Group company issues competitive tenders or invites supplier quotes, we expect our employees to adopt best practice, judging bids on the merits of their competitive offerings and total life cycle cost.
- We expect employees to maintain an unimpeachable standard of integrity in all their business relationships and to foster the highest possible standards of professional competence in all their supply activities.
- We also expect suppliers to maintain a consistently high standard of integrity in all their business relationships with us and to foster the highest possible standards of professional competence in all their activities.
- We expect employees and suppliers to comply with the law of the countries in which they operate and with which HRS Group deals, and in all contractual obligations incurred by or on behalf of the group.