

# *Procurement Services*

## *Code of Business Conduct for Suppliers*



PETROHEMIJA



**Global Compact**  
Network Serbia



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# ***Introduction to Sustainable Procurement***

„HIP-Petrohemija“ a.d. Pančevo (HIPP) is dedicated to creating value for all its stakeholders. We see the principles of sustainable development - creating value, environmentally sustainable performance, protection and promotion of human rights - as pillars of corporate social responsibility and we make them an integral part of our business strategy.

HIPP defines procurement as a set of activities, measures and tasks that are performed in order to obtain input goods, spare parts and other material and services the company needs to support its daily operations.

Procurement in HIPP is based on the principles and standards of the United Nations Global Compact.

Sustainable development and ethics are integral parts of our procurement strategy, our daily operations and relationships we have with our suppliers. We are obliged to identify, prevent and control the risks related to occupational safety and health, social responsibility and environmental protection in our supply chain.

The procurement principles thusly integrated and incorporated in all our projects demonstrate our desire to establish and maintain a long-term growth, at the same time keeping a balance between business performances, management responsibility and our commitment to maintaining high-quality relationships with our employees and suppliers.



# ***Mission of Procurement Services in HIPP***

The goals of Procurement Services must be in line with the goals of the company.

The primary procurement goal is the regular supply of the process with goods and services of the appropriate quality and quantity, at the lowest possible cost.

The Procurement Services mission is to guarantee the availability of products and services requested by our internal users, which is achieved by opting for suppliers that meet our technical and commercial requirements, as well as our expectations with regards to corporate responsibility standards.

Establishing long-term relationships with suppliers is also a procurement services mission. This particularly means joint efforts directed towards the development of shared values, maintaining high-quality communication, ensuring regular information updates and developing innovation capacities.

We examine the business climate, connecting our production with the market.

In order for our procurement to be profitable, we need to secure optimal quantities and stocks. We achieve cost-efficient operation by the continual search for most favourable supplier, ranked as such based on our defined assessment criteria.

We contribute to the company's positive image, we gather and analyse internal and external information, do market research and exchange information with other departments in our company. We effectively communicate with our suppliers, choose the most favourable ones and create long-term procurement strategies. We value good quality of the received goods and provided services, and respect cooperation and principles under which our suppliers operate, at the same time making sure that our obligations towards them are timely met.



# ***Our Obligations towards Suppliers***

Delivery of the quality products and services to our customers is our absolute priority. This largely depends on the quality of the materials and services we procure externally.

Our company does business with suppliers that comply with the required quality standards.

We are committed to establishing fair and correct relationships with all our suppliers. Our company seeks to establish long-term relationships with suppliers who are dedicated to sustainable development. We seek to establish partnerships with suppliers in order to create value for money and demonstrate responsible supply chain management.

It is our aim that our suppliers comply with the principles on which our procurement services are based, and we expect that the same principles are implemented in business practices of our suppliers.

We are obliged to accept only products and services which comply with previously determined and approved quality standards. Together with our suppliers, we must identify resources required for achieving excellent quality, while being continuously focused on careful management of related costs.

The key factors of our relationship with suppliers are efficient and timely cooperation, transparency, shared desire for continual growth and responsible attitude towards our activities.

In fulfilling procurement obligations and responsibilities, both employees at our company and suppliers are expected to share the company's commitment to high legal, ethical and moral standards.

Our internal Instruction defines norms of conduct in procurement activities, including behavioural standards, conflict of interest, corruption, competition and data protection.

Our company has a defined methodology of category management and establishing relationships with suppliers. These guidelines warrant fair, competitive and transparent negotiation process in line with our Procurement Procedure.



# ***Our Expectations from Suppliers***

Our company is committed to achieving high social, environmental and safety standards, and we expect the same from our suppliers.

It is of utmost importance that our suppliers operate with transparency and in compliance with laws on competition, to fight against corruption, protect intellectual property, guarantee the confidentiality of shared information and take all the measures to protect the environment. We also expect from our suppliers to respect human dignity by providing acceptable working conditions and safe working environment.

## ***Occupational Safety and Health (OSH)***

Our suppliers are expected to respect the principles of human dignity by providing acceptable working conditions and ensuring safety at work.

Suppliers must provide safe and healthy working environment for their employees and contractors. Supplier must harmonize their business activities with local and national laws and regulations, as well as OSH regulations, and have all required permits, licences and approvals issued by the local and national authorities.

Suppliers must have documented OSH procedures along with the appropriate safety infrastructure and equipment. Suppliers must take actions and provide evidence of continual monitoring and improvement in their OSH systems.

Suppliers are obliged to have all necessary safety conditions to protect their employees, contractors engaged at their sites, as well as the contractors' property.

When entering or conducting work at the company's locations, suppliers must fully follow the valid procedures of our company



# ***Environmental Protection***

Suppliers are obliged to operate in accordance with environmental regulations at all levels. All their activities must comply with mandatory environmental permits and licences, responding to all the challenges of environmental protection.

Suppliers must monitor the impact of their business on environment in terms of: energy, water, soil, waste, chemicals, air pollution and biodiversity.

Suppliers with high impact on environment will take measures and give evidence of their continual improvement of the Environmental Management System

## ***Anti-corruption Measures***

It is our aim to fight against corruption together with our suppliers.

When conducting business cooperation, we expect from our suppliers and their related parties, employees and intermediaries not to offer or accept any funds, directly or indirectly, to any party in order to influence activities or decisions with the intention of obtaining illegal advantage or achieve any other illegal goal.

We expect from our suppliers not to offer or accept bribes, trade in influence, abuse their authority, be involved in money laundering, or commit any other act for the purpose of commercial bribery.

Supplies will operate in compliance with all valid anti-corruption laws and regulations and will not tolerate any form of bribery, corruption, extortion or embezzlement.

Supplier shall not pay bribe or commit any other similar act (including payments to public officials, offering excessive gifts or hospitality, scholarships or donations) as part of business ventures with clients or public authorities. Suppliers are expected to conduct their business transparently, and accurately record it in their business books and records.

Suppliers shall not hire third parties to perform what they are not licensed to, such as, for example, paying bribes.

In fulfilling their contract obligations, suppliers will operate in accordance with all competition laws and have zero tolerance for any kind of violation of this rules. Suppliers will not make attempts to include in the contractual provisions with our company any conditions which are inconsistent with laws on competition. Suppliers are also expected to take all necessary precautions to avoid disclosure of any commercially sensitive information related to the business relationship with our company



# ***Energy Efficiency***

Our strategy is to procure energy-efficient goods and services in order to improve the energy performances of our processes and plants and expand the mission of sustainable development in the supply chain

We inform our suppliers about the energy criteria before performing the assessment of suppliers and services that may have significant impact on the energy performances of our plants during the life cycle of the subject of procurement.

# ***Information Security***

The Information Security Policy in supplier relationships includes informing suppliers about information security requirements in and mitigation of the risks associated with the suppliers' access to the company's assets.

All information security requirements are established and contracted each supplier who is permitted to access, process, store, transmit or secure IT infrastructure components or other elements of informational property.



# ***Respecting Human Rights***

Suppliers are obliged to provide adequate and decent working conditions.

Suppliers shall not use work performed without consent, under threat of punishment, including forced extension of working hours, human trafficking, debt bondage, punitive labour, or slavery.

Supplier shall not employ school-age children. Children under the age of 18, or under the legal age, must not be employed.

Suppliers shall not discriminate on the grounds of (but not limited to) age, disability, sex, gender, sexual orientation, political or other opinions, ethnic or social origin, or religion.

Suppliers are obliged to comply with all legal regulations of the Republic of Serbia related to respect for and protection of human rights.

## ***Terms of Engagement***

This Code of Business Conduct applies to all our company's suppliers.

As part of the qualification process, new suppliers will be assessed in order to ensure compliance with the standards set forth in this document. In the assessment process, current suppliers shall have priority, based on the potential sustainability risk associated with the delivered goods and services and their relationship with our company.

As part of our supplier relationship management, we strive to build long-term partnerships. We want relationships with our suppliers to be fair and in the best interest of all stakeholders.

***Saša Aleksić, Executive Director of Procurement Services***

