

# Our code of conduct

HIRENCO  
EVEN

## **BEFORE WE START...**

This Code of Conduct applies to all employees at Herenco and its wholly owned subsidiaries. The Code of Conduct contains our core values regarding sustainable development. It is of a general nature and is intended to be combined with the individual goals of each company. For specific questions regarding matters such as the environment, health and safety, quality and communication, the group companies develop their own detailed guidelines in the framework of their own management systems.

We all have a shared responsibility to ensure that the Code of Conduct is followed; not doing so may lead to consequences both for the individual and for the entire group. Our Code of Conduct exists to emphasise the principles that determine our way of doing business. It should be easy for employees, wholly owned companies, partners, suppliers and customers to follow.

# Our contribution to the society

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For 155 years, ever since its start in January 1865,  
Herenco has been about daring to break new ground...

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...move forward, get things done, make mistakes, learn, re-do and never give up – as well as to dare to let some things go and move on. Our vision is clear: Through the generations, we will be a leading, independent, family-run holding company in and from Småland, driven by care for the societies where we operate.

In a world that places great value on being aware of our impact on society on the environmental, financial and social planes, we focus on market segments where we have the ability to make a real difference to our customers. It is us, the people, who are – and make – the difference.

My grandmother Jenz made a difference as a non-profit social entrepreneur in Jönköping. During the war, she helped refugees find homes, arranged food parcels for elderly people and helped abused women find protected accommodation. She also created a lending service for crutches and wheelchairs in the attic above her flat – an activity that would later be taken over by the municipality and county council.

To contribute to research and development, my gran and my mother – two colourful women – started the Hamrin Foundation in 1986. Currently the research foundation manages about SEK 2 billion in capital. Since its start, the foundation has granted SEK 321 million in research support, most of it to Jönköping University.

I am convinced that we together, along with the “Green Bag”, will continuously make the Herenco group’s companies even better. That way we are all a part of our contribution to society!



Lovisa Hamrin

# THE GREEN BAG



Herenco is a family-run holding company headquartered in Jönköping at the southern tip of Lake Vättern. For four generations, we and our staff have been guided by our vision of continuously contributing to and improving the community around us with our vision of uncompromising integrity and ethics. That's why environmental and social responsibility and good business ethics are natural parts of our everyday work as well as being incorporated in the group's long-term strategy. The Herenco road is simple, straight and clear. Manifested in a forest-green bag from Småland, containing stones, pieces of wood and pinecones that represent the companies' freedom to act outside the framework and find their own unique forms of expression.

## WHY ARE OUR VALUES SO IMPORTANT TO US?

Our values establish the framework of how we conduct our business and communicate with each other and our customers. Sometimes it can be difficult to know how to behave in a certain situation, and to know if our behaviour is consistent with our vision. With our core values as our guide, we can continue working in the right direction!



# Our cornerstones

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The cornerstones are our foundation and the reason for our existence. Since 1865, our mission has been to create profitability in order to be able to create value for our customers, employees and communities.

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## COMMUNITY

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## CUSTOMER FOCUS

With openness, inquisitiveness and transparency, we want to create value and success hand-in-hand with our customers. We are here for our customers, not vice versa. That's why customer focus is at the heart of everything we do.



#### EMPLOYEES

Our employees make up the company and are thus Herenco's most important resource. All employees are responsible for their attitude and efforts, while the group has a great responsibility to give each individual the conditions they need to grow and feel involved. And we should have fun moving forward!



#### PROFITABILITY

Profitability is the most important factor for creating long-term perspectives, independence and security, and it is a necessity for Herenco's continued development, innovativeness and growth. Our profitability is well-deserved, because we understand what our customers want and we provide it in a clever, simple way. That's proof that we are successful!

# Our energy

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The bits of wood in the “Green Bag” symbolise our fuel and the energy that propels us forward. It is our energy that allows us to be leaders on our markets!

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## INNOVATION

Herenco has always been driven by innovation and aims to continue creating smarter products, services and processes for our customers. Daring to be different and set trends is a part of our business concept.

## PERSONAL COMMITMENT

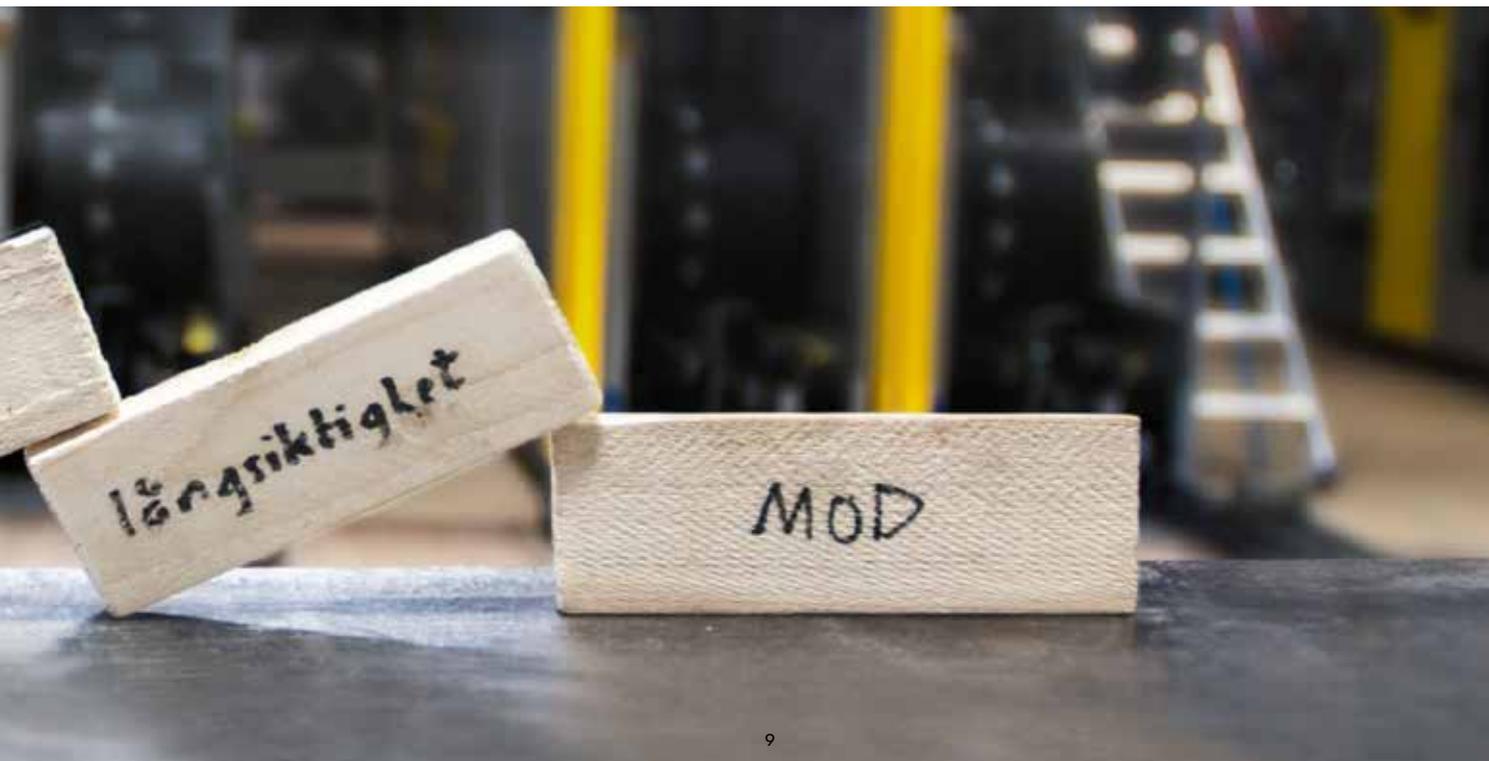
We want our employees to have clear goals, feel involved in decisions and have fun in their work. Our employees' commitment makes a difference!

## LONG-TERM APPROACH

We strive for strong partnerships and high quality in everything we do. Long-term thinking is a necessity when investing in innovation and development. We know that a strong owner provides basic security to customers and employees.

## COURAGE

To move forward, we must dare to try new things – and sometimes make mistakes. We want to encourage our employees to lean in: try new things, re-examine old truths and think outside the box.



# Our DNA

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The pinecones in the “Green Bag” describe how we should act in our leadership and employeeship, which helps us in our everyday work towards our shared vision

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## **WARM HEART**

Our actions will be characterised by consideration and a genuine interest in those we encounter. We see the person behind every customer, business deal and working relationship!

## **CLEAN HANDS**

We ask a lot of our employees in terms of core values such as honesty, ethics and morals. Daring to stand up for our decisions, and also own up to our mistakes, creates credibility.

## **COOL HEAD**

Operating in an ever-changing world demands that we keep a clear eye on the trends around us and make our decisions based on facts and analysis. At the same time, we have to dare to play it by ear when the situation calls for it. We find a good balance in the 80/20 rule – 80% facts and 20% instinct.





# Why do we have a code of conduct?

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Well, because environmental responsibility, social responsibility and good business ethics are obvious parts in our daily operations and in the Group's long-term strategy.

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Our operations must always be in line with our vision, business concept, business goals and values. At the same time, we must continually work to create a sustainable future. Apart from financial requirements, targets and guidelines, our business activities must also be carried out with strict integrity and ethical standards. That's why environmental and social responsibility and good business ethics are natural parts of our everyday work and incorporated in the group's long-term strategy.

In combination with the regulations for corporate governance and the group's other guidelines, the Code of Conduct serves as a framework and applies to all of our employees, managers and board members, no matter where in the world they are. To ensure that the Code of Conduct permeates everything we do, we expect our suppliers to take it to heart and implement similar guidelines in their businesses.

Through our Code of Conduct, all of our actions are rooted in our core values – the "Green Bag". Our moral compass gives the answer to why we exist, what drives us and how we should act towards each other and the market.

By following laws and international conventions, we contribute to sustainable development. Because we consider the expectations of our stakeholders, we also create added value for our customers and employees. Social responsibility is integrated throughout the group and practised in all of our interactions with employees, customers, suppliers, owners and other stakeholders. All of this together means that we contribute to sustainable development, health and prosperity in our community.

# Our strategy for sustainable development

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Responsible entrepreneurship and sustainable development are important to us. Our sustainable development strategy is a necessity for us to grow profitably in our existing operations and in the long term through future acquisitions. Through it, we work continuously to improve on the following points:

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#### THE CODE OF CONDUCT

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Our Code of Conduct gives our employees and other stakeholders guidance in how we view social and financial sustainability, ethics and environmental issues. Our Code of Conduct applies to all employees in the Herenco Group and is based on the Green Bag, as well as on laws, regulations and applicable ordinances.

#### FOCUS ON THE MOST IMPORTANT ISSUES

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We focus on relevant issues, in which Herenco can make a positive contribution to a sustainable future and societal development. In all of our wholly owned companies and future investments, we conduct an analysis of significant environmental aspects, applying a life cycle perspective to all of the activities, products and services we offer.

#### RISKS AND OPPORTUNITIES

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By identifying risks and opportunities in our companies (for example in health and safety), we can manage them and transform them into business benefit.

#### SUSTAINABLE VALUE CHAIN

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We have a life cycle perspective on all innovations, products and services that we offer the market.

#### LONG-TERM GOALS FOR SUSTAINABLE DEVELOPMENT

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Long-term group-wide goals in key areas will be expanded with detailed targets and action plans in the group's wholly owned subsidiaries. Where relevant, the companies may introduce additional goals.

#### THE WORK IN PRACTICE

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Delegated responsibility means that the operative sustainability measures will be systematically adapted and carried out in Herenco's wholly owned companies with a focus on continuous improvements.

#### FOLLOW-UP AND COMMUNICATION

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We regularly follow up on our sustainability work through our communication channels, in which we can also maintain a dialogue with Herenco's stakeholders.

# People and society

## RESPECT FOR HUMAN RIGHTS

- We treat all employees with fairness, dignity and equal respect.
- We do not discriminate against anyone on the grounds of their religion, sex, age, disability, sexual orientation, nationality, political opinion, social background or ethnic origin.
- We support and promote diversity.
- We do not harass, threaten or discriminate.
- We respect all employees' right to organise.
- We do not permit child labour, illegal labour or forced labour.

## SAFE, ENRICHING WORKING ENVIRONMENT

- We will run our businesses in a way that exceeds the requirements of health and safety legislation.
- We have a vision of zero workplace accidents and we never compromise on health and safety in the workplace. We work preventively and systematically to create a safe, secure working environment by implementing certified management systems where relevant.
- We offer employees the opportunity to develop their professional expertise and skills.
- We uphold the right to freedom of association and collective negotiation.

## CLEAR SOCIAL COMMITMENT

- We get involved whenever there are opportunities in the communities where Herenco operates. We strive to hire and nurture local employees and managers.
- We prioritise support and sponsorship agreements with organisations that share our values and benefit the communities we work in.
- We also participate in collaborative efforts and projects with schools, universities, research institutes and industrial networks.
- We take a neutral stance on political issues. Neither our company names nor our financial resources may be used in political contexts.

# Business ethics

## CLEAN HANDS, COOL HEAD, WARM HEART

- We place a premium on honesty and honourability in our wholly owned businesses, and we expect the same in our financial and strategic holdings.
- Bribes are forbidden.
- Gifts and other benefits can be a part of expected hospitality, but they must not exceed local traditions and they must be consistent with local legislation.
- All employees of Herenco and its companies observe and follow competition laws.
- All employees avoid conflicts of interest between personal financial matters and the companies' business activities.
- We ensure that employees can, with no risk of personal consequences, blow the whistle on any significant improprieties.
- We apply sound business principles and are responsible and measured in our marketing and advertising.
- We respect rights of ownership and the right to intangible assets.
- We respect each employee's right to speak out about conditions that affect them personally.
- In matters regarding Herenco and its companies, only representatives of the specific company's management are entitled to speak for Herenco and the companies. For this reason, we refer all questions regarding Herenco's businesses to the local company management or the group management.
- Through established routines for ensuring good knowledge of our acquisitions, partners and suppliers, as well as knowledge and understanding of the purpose of the business relationship, we work to prevent any use of our businesses for money laundering or funding of terrorism.
- We process personal data in accordance with the relevant data protection legislation.
- We commit to include environmental, social and corporate governance aspects in all of our investments, which we regularly review and assess in the light of our Code of Conduct.

# Environment

## PREVENTIVE AND SYSTEMATIC ENVIRONMENTAL WORK

- We will run our businesses in a way that exceeds the requirements of health and safety legislation.
- We will keep well ahead of new legislation and take note of requirements and wishes from our customers and other stakeholders as early as possible.
- With the caution principle as our guide, we work preventively with long-term goals to reduce our environmental impact.
- We conduct regular analyses to assess how climate change affects our operations, with the aim of reducing emissions of greenhouse gases.
- We use water, energy, materials and other natural resources efficiently through economising and focusing on sustainable development.
- We consider the environment and human health when we purchase raw materials, chemical products, packaging and distribution methods.
- We maintain good emergency preparedness by systematically identifying and assessing the risk of accidents, fires and uncontrolled environmental emissions.
- We work systematically with environmental issues, and certified environmental management systems in compliance with ISO 14001 must be in place at units where this is relevant.

# Sustainable value chain

## **LIFE CYCLE PERSPECTIVE ON PURCHASING, PRODUCTS AND SERVICES**

- We expect that our partners live up to Herenco's Code of Conduct.
- We will meet our customers' requirements, needs and expectations by delivering services and products with the right quality.
  - The products are to meet legal requirements, agreed specifications and applicable standards.
  - Instructions for how to use the products safely and environmentally must be correct and clear.
- We will strive to improve products, services and solutions that contribute to sustainable development.

# How we use the code of conduct in our daily work

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Herenco's Code of Conduct describes our core values and our level of ambition regarding sustainable development. It is of a general nature and is intended to be combined with the individual goals of each company. For specific questions regarding matters such as the environment, health and safety, quality and communication, the group companies develop their own detailed guidelines in the framework of their own management systems.

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## **ORGANISATION AND RESPONSIBILITY**

The Herenco Board of Directors holds the overall responsibility for ensuring that the Code of Conduct is followed. The group will conduct internal trainings that include the Code of Conduct, distribute information and do follow-ups to ensure that all of our employees have a solid understanding of the Code. The managers in the group companies are responsible for how the Code of Conduct is applied in day-to-day operations. They must comply with the guidelines in an exemplary way.

## **CONTINUOUS IMPROVEMENTS**

The Code of Conduct lays the foundation of our continuous efforts to improve. We work systematically to reduce our environmental impact and improve our working environments, promote human rights and curb corruption. Taking preventive measures and applying the caution principle are important for us and a natural part of our commitment to the Global Compact.

## **ZERO TOLERANCE**

In many of the sections in the Code of Conduct, we have a zero-tolerance policy for violations. We have zero tolerance of violations of legal requirements, workplace safety, human rights and anything to do with bribery, corruption and competition laws.

## **MANAGEMENT SYSTEMS**

All companies must have management systems for environmental issues (ISO 14001) and quality (ISO 9001) and industry-specific certification systems where relevant. For units with few employees, the management systems do not need to be externally certified.

## **REVIEW AND REPORTING**

We regularly review our companies' work on sustainable development and responsible entrepreneurship. This is done through annual surveys, feedback and formal reviews. The performance of the group is summarised in the sustainability report, in the annual report and on our website. Reporting follows international guidelines and legislation regarding mandatory sustainability reporting for large companies.

## **OPERATIONAL MANAGEMENT**

Efficient operational management, long-term ownership and responsible entrepreneurship pave the way for value creation. Value creation is based on us developing and investing in new and existing companies so the products and services we offer improve, streamline, enhance, provide saving or in some other way develop our customers' businesses. Effective management is based on responsibility, openness, ethical behaviour, respect for our stakeholders' businesses and for current legislation. Our tools for making decisions are based on efficient use of our financial, human and natural resources. We strive for company cultures that apply and encourage environmental and social responsibility, as well as a balance between our long-term strategy and the demands from society. We also place great emphasis on communicating with our stakeholders and listening to their opinions.

# Whistleblowing

In order to allow reporting of improprieties in the group, we have implemented a whistleblower service that allows employees in all of our companies to anonymously report any unethical or illegal behaviours or other forms of misconduct in the group. This can be things like discrimination and harassment, methods that are likely to cause harm to the environment or serious breaches of our business ethics.

If an employee feels that something is wrong, they should primarily report it to their nearest manager, but

if they do not feel this is possible, this service is a way to convey the information to the group management. Whistleblowing should not be used for general grievances or matters that can be resolved by talking directly to the affected individuals. False accusations are not tolerated and may lead to disciplinary measures. All reports are sent to our external representative, Wesslau Söderqvist Advokatbyrå, to ensure that all reports are handled impartially. Whether the report is sent in by email or post, it should be marked "Herenco Whistleblowing" and sent to:

[whistleblowing.jonkoping@wsa.se](mailto:whistleblowing.jonkoping@wsa.se)

or

Wesslau Söderqvist Advokatbyrå, Box 684, 551 19 Jönköping,  
Sweden.

The report will then be anonymously forwarded to the chair of the board of Herenco Holdings for further investigation.



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