

# **Supplier Partner Guidelines**

## **Hanger Supply Chain**

Effective April 1, 2020

**Tim Beauchamp**

**Chief Supply Chain Officer**

**Eric Craig**

**Vice President, Procurement**

**Matt Penn**

**Sr. Manager, Procurement**

## **Table of Contents**

- 1. Introduction**
- 2. Financial Requirements**
- 3. Security**
- 4. Delivery Requirements**
- 5. Packaging Requirements**
- 6. New Product Introductions & Phase-out's**
- 7. Diversity**
- 8. Code of Conduct**
- 9. Frequently Asked Questions**

## **Section 1. Introduction**

Hanger Supply Chain (HSC) procures products and supplies for or on behalf of Hanger Clinic, Southern Prosthetic Supply, SureFit and other affiliates of Hanger. HSC places the highest emphasis on service, quality and reliability in delivering products to our customers. To meet and exceed our standards, we count on the efforts and the contributions of all our stakeholders. Our supplier partners play a pivotal role in our mutual success. We expect the same high level of commitment, performance, and quality from our suppliers that we strive for ourselves.

Part of our vision with the publication of the Guidelines is to aggregate and answer the most frequently asked questions received from our suppliers into one readily accessible document. Additionally, we seek to detail and define process requirements, expectations, and specifications. Our strong belief is that a better informed supplier is a higher performing supplier. While we attempt to make these requirements transparent and easily understood, it is recognized that additional questions may come up. In those cases, please document your concerns and recommendations, provide a sound rationale for your position and direct them to the HSC procurement team.

Please note, however, that raising concerns about the requirements or proposing alternate solutions to the published Guidelines does not mitigate your responsibility to comply with the currently published provisions. Note that no exceptions or changes to the Guidelines will be deemed binding or authorized unless a HSC representative executes a formal written contract or addendum accepting such exceptions or changes.

## **Section 2. Financial Requirements**

### **Purchase Order Requirements**

From time to time, HSC shall deliver to Supplier a purchase order (in electronic format such as EDI or Auto E-Mail) in connection with the purchase of the Products (a "Purchase Order"). Each Purchase Order shall indicate the specific Products being purchased as well as: quantity, Prices (as hereinafter defined), total purchase prices, shipping instructions, bill-to and ship-to addresses, specifications, and requested delivery dates. HSC shall from time to time designate an individual to serve as a "Procurement Specialist" to assist in facilitating the fulfillment of Purchase Orders.

Supplier will notify the Procurement Specialist via email, within twenty-four (24) hours of receipt of a Purchase Order, of (i) confirmation of receipt of the Purchase Order, (ii) the status of any backordered Products, and (iii) if applicable, notice of advanced shipment and/or tracking notification in connection with shipment of the Products.

HSC is under no obligation to purchase any Products until HSC has placed a written Purchase Order for Products with Supplier. There shall be no minimum purchase, dollar or quantity requirements in connection with any Purchase Order or this Agreement.

Supplier may reject non-conforming orders by providing HSC with a rejection notice within three (3) business days of delivery of the Purchase Order to Supplier, and, if no such notice is received by HSC, the Purchase Order will be deemed accepted by Supplier.

Purchase orders (PO) are to be processed at the price stated on the PO. By accepting the PO, the supplier agrees to provide the product at the PO price. Any discrepancy in the invoice price as compared to the PO price should be immediately communicated in writing to the Procurement Specialist as well as [pricing@spsco.com](mailto:pricing@spsco.com). The communication should clearly denote the following:

1. The HSC SKU and the expected cost as well as the PO Cost.
2. If a price change was previously submitted, the date it was submitted while adhering to the HSC policies outlined above.

Should the ordered SKU no longer be obtainable from the supplier, immediate written communication should be made to [pricing@spsco.com](mailto:pricing@spsco.com) and/or the HSC Procurement Specialist. Under no circumstance should a replacement SKU be processed and sent in place of this item under the current purchase order. All replacement/new SKU's are required to go through the POPS process as outlined in Section 6.

The supplier is required to notify HSC in writing via the assigned Procurement Specialist's email or to the email on the PO in the event of backorders, including backorder delivery dates (not ship dates). For drop ships, we require notice within one hour. For stock PO's, we require notice within one business day.

## **Pricing**

HSC will not consider price increases submitted with less than 90 days' advanced notice.

Questions should be directed to [pricing@spsco.com](mailto:pricing@spsco.com).

### Price Change Notification Requirements

1. Supplier must submit a price change request using the attached HSC Price Change Notification document. Notify [pricing@spsco.com](mailto:pricing@spsco.com) if an export of items and part numbers is needed.
2. There must be an accompanying letter signed by an officer of the supplier's company with their title clearly stated.
3. The letter must be sent as a Word or PDF document which outlines the reason(s) for the requested increase.
  - a. Price increases in any given year with respect to any product shall be no greater than fifty percent (50%) of Supplier's Stated Industry Increase for such year.



measures and safeguards reasonably designed, at a minimum, to: (i) ensure the security and confidentiality of all Confidential Information; (ii) protect against any unauthorized access to or use of such Confidential Information; (iii) protect against any anticipated threats or hazards to the security or integrity of such Confidential Information; (iv) limit access to Confidential Information to only those employees, agents, or representatives of Supplier who have a reasonable need for such information; (v) instruct all persons who have access to Confidential Information of the necessity to maintain the confidentiality of the Confidential Information; and (vi) ensure the proper, secure and lawful disposal of Confidential Information within its possession or control. Not in limitation of the foregoing, Supplier shall comply with the information security requirements and data breach policy imposed by the Hanger Related Parties from time to time. Supplier shall regularly test and monitor all of the foregoing and shall report the results thereof to HSC upon its request from time to time, and Supplier acknowledges and agrees that the review of any such results shall be for the Hanger Related Parties' benefit only and shall not create any additional obligation or responsibility hereunder. Not in limitation of the foregoing, the Hanger Related Parties shall be entitled to take, and shall incur no liability or responsibility to Supplier as a result of, any and all measures that it deems necessary to protect its own data, networks, systems, and processes.

Supplier also agrees to comply with HSC's reasonable requirements as to the following standards and security areas prior to being granted access to the Hanger Related Parties' facilities or information assets: (i) Information Classification and Handling Standard; (ii) Access Control Standard; (iii) Physical Access Standard; (iv) Anti-Virus Standard; (v) Acceptable Use Standard; and (vi) Remote Access Standard.

Without limiting the generality of the foregoing, at all times during the Term, Supplier agrees to implement and follow generally acceptable security standards in its performance under this Agreement and protection of the data and information of the Hanger Related Parties as such standards evolve over the Term. Specifically, Supplier will reasonably monitor, evaluate and adjust its information security program based on the latest risks and issues and in response to relevant changes in technology, changes in the sensitivity of the Confidential Information as reasonably determined by the Hanger Related Parties, and internal and external threats to information security. Supplier will provide, at HSC's request, copies of Supplier's internal security and control policies and procedures for HSC's review and if any such policies and procedures are found by HSC to be inadequate, HSC shall notify Supplier and Supplier will take steps to immediately correct any deficiencies so identified, though the foregoing shall not relieve Supplier of its responsibility for the security of the Confidential Information under this Agreement.

In addition to Supplier's obligations set forth above, Supplier will comply with: (i) the security policies and procedures of the Hanger Related Parties that are in effect during the Term for the security of the Hanger Related Party resources and Confidential Information, as such policies may be modified from time to time and provided in writing to Supplier, and (ii) the policies and procedures of the Hanger Related Parties that are in effect during the Term regarding the business process, operating procedures or business activities, as such procedures are created or

modified by the Hanger Related Parties from time to time for application to third party

suppliers and provided to Supplier. Supplier will be responsible for ensuring that Supplier's personnel comply with such policies and procedures.

Supplier shall: (i) designate an employee to coordinate its information security program; (ii) regularly identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of the Confidential Information that could result in the unauthorized access, disclosure, misuse, alteration, destruction, or other compromise of such information; and (iii) regularly assess the sufficiency of any safeguards in place to control these risks. The foregoing risk assessment shall include consideration of risks in each relevant area of Supplier operations, including: (a) training and management; (b) information systems, including electronic presentment system and software design, bill and correspondence print process flows, system and design, as well as information processing, storage, transmission and disposal; and (c) detecting, preventing and responding to attacks, intrusions, or other system failures. In addition, Supplier shall design and implement information safeguards to control the risks identified through the risk assessment, and regularly test or otherwise monitor the effectiveness of safeguards' key controls, systems and procedures. Upon request from HSC, Supplier will supply HSC with a copy or written summary of its information security plan.

## Section 4. Delivery Requirements

These delivery or shipping guidelines are in support of HSC's effort to streamline inbound supply chain processes.

### General Delivery/Shipping Guidelines

- Suppliers shall cover the cost of freight (FOB Destination) and use HSC's designated carrier.
- Suppliers are required to include complete packing slip information, including total number of cartons shipped and total number of cartons shipped per P.O., itemized by P.O. for multiple pallet shipments. This packing slip must be attached to a pallet with a label stating packing list enclosed.
- All LTL shipments must be palletized and follow the below specifications:
  - Acceptable pallet size is 48"x 40"
  - Pallets must be GMA, hard wood (#1) or Grade "A" pallets. No pallets with broken boards should be used.
  - Pallet height should not exceed 82 inches, where feasible.
  - A copy of the packing slip may also be attached to the bill of lading.
- To determine whether a shipment qualifies as a small parcel (FedEx) or needs to go LTL, use the following criteria:
  - Shipments where the total weight is over 125 lbs. require LTL service.
  - Shipments where the DIM weight is over 125 lbs. require LTL service.

- Any shipment below 125 lbs. should go FedEx.

## Small Parcel Shipments - Service and Billing Options

When shipping small packages in support of HSC, follow these guidelines:

- **Account Setup:** To ship via FedEx and you don't already have an account, call FedEx directly at 1. 800.GoFedEx (1.800.463.3339) to set one up.
- **Customer Service:** Relating to tracking packages, scheduling pickups, and ordering supplies, call 1.800.463.3339 or visit [fedex.com/us](http://fedex.com/us).

*FedEx Express® is to be used for time-sensitive shipments only. Prior approval must be given by appropriate Hanger Clinic or SPS personnel.*

### Billing option:

- For SPS, select "Third Party" and enter account number **880073613**
- For shipments to the HSC DC's, select "Third Party" and enter account number **880073613**
- For Hanger Clinic, select "Third Party" and enter account number **880073095**

Any time a third party number is entered incorrectly, HSC reserves the right to short pay or chargeback the fee to the supplier.

**Required Reference(s):** Enter the **Purchase Order Number (PO)** in the appropriate reference field (see below example) for all shipments. Failure to enter the PO number will result in a chargeback.

**Declared Value:** Do not add a declared value unless otherwise requested by a HSC representative.

### Where to enter the Purchase Order Number Reference Fields using FedEx Automation.



The screenshot shows a software interface with a purple header bar labeled "Additional references". Below the header are three input fields: "P.O. number:", "Invoice number:", and "Shipment ID:". A green arrow points to the "P.O. number:" field.

## Creating Shipments

**4. Billing Details** ? [Help](#)  [Hide](#)

\* Bill transportation to  [Update the credit card tied to my account](#)

**!** Alert: Please remember to enter your reference information.

\* Your reference

[More reference fields](#) [Add an account](#)

P.O. no.

Invoice no.

Department no.

[FedEx Ship Manager® at fedex.com / FedEx Administration® PO Number Entry Point](#)

Purchase Order #  
Example- 4235678-00

## LTL Shipments - Service and Billing Options

All Shipments to HSC that meet or exceed the specifications outlined above should be palletized and shipped via truck using our approved 3PL carrier, C.H. Robinson.

If multiple orders and backorders are available to ship the same week and their combined weight or cubes meet or exceed the minimum for LTL shipment, 125 lbs., HSC requires they be combined, palletized and shipped by LTL along with a packing list for each order or backorder. The packing list(s) need to be easily accessible on the pallet and one packing list per purchase order. Failure to comply may result in chargebacks.

When shipping products via LTL, follow these guidelines:

### Service type:

- Total the weight, number of pallets, dimensions of each pallet, the type of product for each location and the box count on each skid.
- Specify special needs such as lift gates or dock hours.
- Create a shipping pickup request with CHR via Navisphere, or email your assigned 3PL, C.H. Robinson, with this information for each location.
- General Email <[sps@chrobinson.com](mailto:sps@chrobinson.com)>
- Account Manager, Emmett McCord [Emmett.McCord@chrobinson.com](mailto:Emmett.McCord@chrobinson.com)
- C.H. Robinson will create shipping labels and BOL for you and will arrange pickup

- To reduce the possibility of damage during shipment, HSC suggests the following packaging techniques be considered.
- Shrink-wrap pallets & ***Make Sure Shrink Wrap Ties Product to Pallet.***
- Label shrink-wrapped pallets ***“Do Not Break Shrink Wrap”***.
- Label pallets ***“Do Not Top Stack”*** or ***“Do Not Double Stack”***.
- Use corner guards or edge guards and band the pallet with metal or plastic strapping.
- Use heavier corrugation for regular or master shippers. i.e., higher crush proof boxes or double or triple wall boxes.
- Use corrugated sheets at the base and between layers on the pallet.
- ***Each box*** must be labeled with PO number, item number and quantity. If the box is not a full case pack and contains mixed products, the box must be marked ***“MIXED”*** with the item numbers, and quantities of each item in the box. Do not mix items from different PO's in the same box.
- Every effort should be taken to avoid mixing boxes on a single pallet representing multiple PO's.
- If the mixing of boxes representing multiple PO's on a single pallet is absolutely unavoidable, the pallet must be marked ***“MIXED”*** with all of the PO #s listed on a master flag document.
- The Bill of Lading must include the box and pallet count.

## Section 5. Packaging Requirements

### HSC Package Barcode Labeling Requirements

The HSC Distribution Centers (DC) process a high volume of product which is delivered in various configurations daily. Therefore, the use of proper labeling is critical to ensure the prompt receipt of product into available inventory. Prior to shipping into the HSC DC, all products require an acceptable barcode label on each saleable unit and master carton. Barcodes are not required on pallet labels.

### The Individual Product Barcode Label

An individual product barcode label must be placed on the outermost packaging of the product. The label must always be applied smoothly so there are no bumps or wrinkles which could interfere with successful scanning of the barcode. HSC will only accept printer generated barcode labels or barcodes printed directly on the product packaging with black ink on a white background.

### Product Unit Labeling Requirements

Each individual product **MUST** be labeled with the below information. The information may be imprinted on one label or on separate labels aligned vertically.

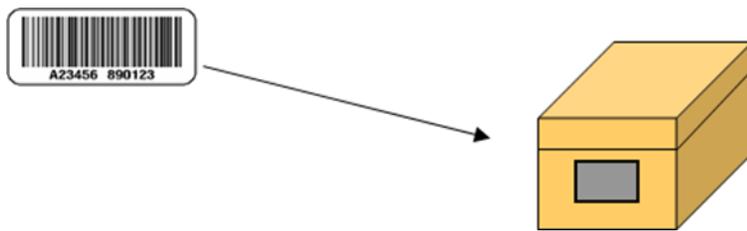
- A barcode in GS1-128, UPC-A, or EAN-13 format.
- The item number.
- The product serial number if applicable.

HSC requires that the individual product unit barcode label be placed on the end of the outermost package/box. Please review the below and follow the label placement requirements for your specific package configuration.

### Barcode label placement:

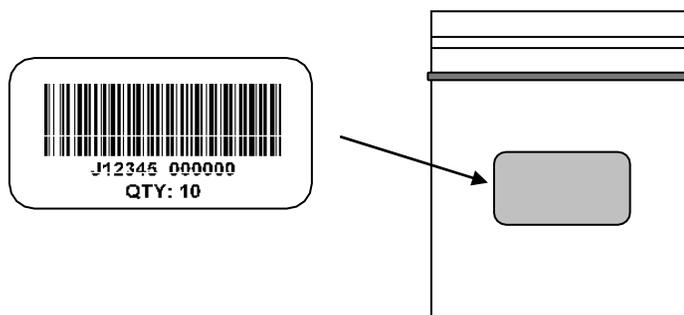
When applying a barcode label to individual product packaging, the following criteria must be met:

- Place the label on the end of the packaging to expedite scanning when the product is placed and removed from shelving.
- DO NOT place the label on the top or side of the box.
- Label placement must be consistent from unit to unit.
- Only one barcode label is required per product unit.
- DO NOT place a barcode label across a package seam OR around a package edge.
- DO NOT place clear tape over the barcode label as this could interfere with successful scanning of the barcode label.



### Polybag Barcode Label Placement

When placed on a polybag, the barcode label should be placed in the center of the bag.



**Polybag Label**

### HSC Barcode Basics

HSC does not provide supplier with barcode numbers. The first step in creating barcodes is to obtain a GS1 Company Prefix online at <https://www.gs1us.org>. A GS1 Company Prefix is a unique identification number that is issued specifically to your company. GS1 is the only official provider of UPC/EAN barcodes globally. Though it's not illegal to purchase barcodes from resellers instead of directly from GS1, the practice is discouraged as the barcode will be

registered in the original owning company's name and the registration cannot be modified. A GS1 Company Prefix comes in five different "capacity tiers" that allows you to barcode as few as 10 unique products and as many as 100,000 unique products. The most important thing to understand is that each variation of each product you sell requires a unique barcode. For example, if you sell a knee sleeve that comes in three sizes (small, medium, and large), and three colors (blue, pink, and black), you have 9 product variations (3 sizes x 3 colors = 9) and would need 9 distinct barcodes.

## General Barcode Label Requirements

The following barcode label requirements must be met at all times:

- Individual product units must have barcodes.
- All barcodes must be printed in black ink on a white label.
- Thermal Direct is the printing standard but other methods are acceptable as long as they meet the guidelines herein.
- Do not print the labels on glossy label stock. Glossy label stock interferes with the HSC scanners' ability to read barcodes.
- Do not print the barcodes directly onto corrugate. Scanners frequently cannot read these types of barcodes.

## Barcode Formats

HSC accepts three barcode formats: GS1-128, UPC-A, and EAN-13.



**GS1-128**



**UPC-A**



**EAN-13**

## GS1-128 Barcode (formerly known as UCC 128 or Code 128)

The GS1-128 barcode was developed to provide a global standard for exchanging data between different companies. GS1-128 not only encodes the data but provides a method to define the data by utilizing "Application Identifiers" (AI). Unlike the UPC-A and EAN-13 barcodes, the GS1-128 is not utilized in Point-of-Sale (POS) transactions. The robustness of the data captured within the GS1-128 protocol makes it's widely used in distribution and logistics. In addition to the data captured by the UPC-A and EAN-13 barcodes, GS1-128 is able to capture information such as item number, lot number, serial number, product weight, dimensions, volume, production date, and ship to address, etc.

The GS1-128 barcode must meet the following specifications:

- Minimum barcode dimensions of 2.75 inches (L) x 1.00 inch (H).
- Minimum quiet zone (white border) of 0.25 (1/4) inches to the left and right of the

barcode.

### UPC-A Barcode

The UPC-A is the most commonly used barcode for POS transactions and is the standard in the U.S. and Canada. Virtually every consumer good in the U.S. displays the UPC-A barcode. UPC-A encodes 11 digits of numeric (0 through 9) message data along with a trailing check digit, for a total of 12 digits. If your product is also sold via POS internationally, the EAN-13 is a better option.

### EAN-13 Barcode

The EAN-13 (International or European Article Number) barcode uses an encoding scheme very similar to the UPC-A. The EAN-13 is the preferred choice if your product is sold via POS internationally. The EAN-13 encodes 13 digits of numeric (0 through 9) message data without a trailing check digit, unlike the UPC-A.

UPC-A and EAN-13 barcodes must meet the following requirements:

- Minimum barcode dimensions of 1.50 inches (L) x 1.00 inch (H).
- Minimum quiet zone (white border) of 0.25 (1/4) inches to the left and right of the barcode.



UPC-A Sample

← - - - - - 12 Digit UPC Code



EAN-13 Sample

← - - - - - 13 Digit EAN Code

## Section 6. New Product Introductions & Discontinuations

### New Product Introductions

HSC requires all suppliers to submit new product and line extensions through its Product Optimization Process (POP) process. Suppliers must complete the attached Product Introduction Request (PIR) form then submit it to [newpir@spsco.com](mailto:newpir@spsco.com) at least 60 days from product launch. HSC will confirm receipt of PIR.

- Failure to submit the PIR form with advance notice will result in a delay of acceptance/rejection of the products prior to the launch date.
- PIR Form must be completed in its entirety to include barcode. (UPC/GTIN) information and Country of Origin (COO) details.
- Email [newpir@spsco.com](mailto:newpir@spsco.com) if a copy of the PIR form or assistance in completing the form.
- HSC may request samples to be sent at no charge to select clinicians. If you require the material back, please prepare additional packaging and provide a Fed Ex number to send the product back after review.
- Hanger Clinic & SPS may accept or deny the product separately.
- Deciding Criteria include but are not limited to:
  - ✓ Clinical Efficacy
  - ✓ Market Competition
  - ✓ Quality
  - ✓ Delivery Model
  - ✓ Relationship
  - ✓ Cost and/or Reimbursement

A HSC representative will communicate with the submitter after a decision is made. Acceptance into the HSC portfolio does not automatically grant inclusion in the SCORE or Rewards portfolio. Both processes are independent of the POP process.

### Discontinuations

HSC relies on our suppliers to communicate both new and discontinued products to us with advance notice. HSC requires 60 day advance notice of discontinued products so we can update our systems and plan inventory accordingly.

HSC reserves the right to exchange or return any items that are discontinued that remain in HSC inventory.

All discontinuation notices can either go to your Procurement Specialist or to [pricing@spsco.com](mailto:pricing@spsco.com)

## Section 7. Supplier Diversity Program

### Diversity Policy Statement

Small and diverse businesses drive economic growth and contribute to the fabric of our local communities. As our customer base expands and diversifies, it is imperative that HSC fosters an environment that maximizes competition and creates the broadest opportunity for qualified suppliers. Additionally, providing intentional and expanded opportunities to small and diverse suppliers supports HSC in its pursuit of government and private sector contracting opportunities.

HSC's Diversity objectives are to:

- Actively, routinely, and directly seek out qualified small and diverse business enterprises that can provide price competitive and high-quality commodities and services.
- Ensure that small and diverse business enterprises are fully aware of the requirements to participate in HSC's procurement opportunities.
- Identify those commodities and services in which small and diverse businesses are the most plentiful and most competitive and provide notice of such procurement opportunities well in advance.
- Encourage large suppliers to actively mentor and partner with small and diverse businesses.
- Engage and partner with government agencies, supplier diversity advocacy groups, nonprofits, and other organizations to assist in the development and competitiveness of small and diverse businesses through instructional and outreach activities.
- Ensure that supply chain professionals involved in the selection, evaluation and/or approval of suppliers and contractors share the responsibility for the practices stated in this policy.
- Aggressively identify and remove barriers to entry for small and diverse firms.

As a result of HSC's status as a federal contractor, we must obtain certain certifications of compliance from contractors/subcontractors who provide material, services, and supplies in support of our government contracts. Such certifications seek to identify the size and/or socioeconomic of our contractors and subcontractors. This information must be updated annually and is commonly known as Representations and Certifications. The provision of Representations and Certifications information is required prior to the award of a contract or subcontract. For completion of the annual Certification and Representation documentation, reach out to Mark Cartwright, Director of Supplier Diversity, utilizing the contact information below. Additionally, you may find more information regarding the Certifications and

Representations process on the System for Award Management (SAM) website at <https://sam.gov/SAM/>.

Further, if you track the size and diversity status of your suppliers and subcontractors, we would like that spend data (commonly known as Tier II) reported on a quarterly basis. More information on Tier II reporting may be gathered by reaching out to Mark Cartwright at [mcartwright@hanger.com](mailto:mcartwright@hanger.com).

## Section 8. Code of Conduct

HSC is committed to the highest standard of business ethics and integrity and our continued success depends on our employees, suppliers and business partners acting with honesty and integrity while conducting business with or on behalf of HSC.

This Code of Conduct sets forth the basic requirements that all suppliers, service providers, agents, representatives, and other business partners and their employees, directors, officers, agents, representatives, and subcontractors (collectively referred to as “suppliers”) must comply with to do business with HSC and its related entities.

### Compliance with the law

All suppliers must comply with all applicable local, state, federal, and national laws and regulations of the jurisdiction in which they are doing business, specifically including, but not limited to, the laws and practices set forth below:

- **U.S. federal healthcare fraud and abuse laws.** Suppliers must comply with all U.S. federal healthcare fraud and abuse laws, which generally prohibit persons from soliciting, offering, receiving or paying any compensation to induce someone to order or purchase items or services that are in any way paid for by Medicare, Medicaid or other federally-funded healthcare programs. They also prohibit submitting or causing to be submitted any fraudulent claim for payment by the federal government.
- **Anti-Corruption.** Suppliers must comply with the anti-corruption laws of the countries in which they do business and with the U.S. Foreign Corrupt Practices Act (“FCPA”). Supplier may not make any direct or indirect payments or promises of payment to foreign government officials for the purpose of inducing that individual to use his/her position to obtain or retain business.
- **Import/Export laws.** Suppliers must comply with all applicable trade laws of the U.S. and any other nation relating to import/export matters. This includes timely provision of all information necessary to comply with import requirements of the U.S or other countries of destination, and not exporting or re-exporting any information or products received from HSC to any proscribed country listed in the U.S. Export Administration Regulations. Suppliers will state the country of origin on goods, packaging and invoices

as well as provide proper documentation to support available free trade agreement claims.

- **Facility and Supply Chain Security.** Suppliers must maintain adequate security at all facilities and implement supply chain security procedures designed to prevent the introduction of non-manifested cargo into outbound shipments (e.g. drugs, explosives, bio- hazards or other contraband) in alignment with the principles of the U.S. Customs and Border Protection’s Customs-Trade Partnership Against Terrorism (C-TPAT) program.
- **Anti-Counterfeiting.** In an ongoing effort to secure the supply chain from the dangers of counterfeiting, illegal diversion and theft of HSC products and products that HSC distributes on behalf of other manufacturers, suppliers must notify HSC immediately if they are offered the opportunity to purchase counterfeit, illegally diverted or stolen products or otherwise become aware of any such products.
- **Antitrust.** Suppliers must conduct business in full compliance with antitrust and fair competition laws that govern the jurisdictions in which they conduct business.
- **Industry Standards.** Should the legal requirements and practices of the industry conflict, suppliers must, at a minimum, be in compliance with the legal requirements of the jurisdiction in which they are operating. If, however, the industry practices exceed the country's legal requirements, the supplier must follow the industry practices.

## Integrity

Suppliers must conduct their overall business with integrity and specifically address the following areas:

- **Business Records.** Honestly and accurately record and report all business information and comply with all applicable laws regarding their completion and accuracy. Create, retain, and dispose of business records in full compliance with all applicable legal and regulatory requirements.
- **Interactions with Regulators.** Suppliers must act professionally and be honest, direct and truthful with all regulatory agency representatives and governmental officials.
- **Media/Investors.** Suppliers should not speak to the media or investors on behalf of HSC or its related entities unless the supplier is expressly authorized in writing to do so.
- **Gifts.** Suppliers should avoid giving gifts to HSC employees. Suppliers should not offer anything of value to obtain or retain a benefit or advantage for the giver, and not offer anything that might appear to influence, compromise judgment, or obligate any HSC employee. Any gifts, meals, or entertainment must comply with applicable law, and must not violate the giver’s or recipient’s policies on the matter.

- **Conflicts of Interest.** Suppliers must avoid the appearance or actual improprieties of conflicts of interests. Suppliers must not deal directly with any HSC employee or the spouse, domestic partner, or other family member or relative of a HSC employee who holds a significant financial interest in the supplier. If a supplier's employee or an employee's spouse, domestic partner, or other family member or relative is employed by HSC or its related entities, then such individual may not participate in any contract negotiations involving the supplier nor provide services to HSC on behalf of the supplier.
- **Insider Trading.** Suppliers (including their employees) may not buy or sell the securities of Hanger, Inc. if they are aware of material non-public information relating to Hanger or its business. Information is considered "material" if a reasonable investor would consider that information important in making a decision to buy, hold or sell Hanger securities.
- **Business Continuity and Crisis Management.** Subject to the terms of any specific contractual provisions that apply, suppliers must have adequate business continuity plans in place to continue to provide its services to a reasonable degree in the aftermath of any kind of operational crisis, whether caused by a natural disaster, equipment malfunction, power failure, terrorist act or so forth. Upon request by HSC, suppliers must disclose and discuss in reasonable detail the elements of its business continuity plan.
- **Animal Welfare.** Suppliers must perform animal testing only after consideration has been given to non-animal based test methods, reducing the numbers of animals used, or refining procedures to minimize distress in animals being tested. Suppliers must use alternatives when scientifically valid and acceptable to regulators. Suppliers must treat animals used in any testing or process humanely, minimizing pain and stress.

## Labor Practices and Human Rights

Suppliers must comply with the following labor and employment practices:

- **Child Labor.** Suppliers must not use child labor. No person may be employed at an age younger than the legal minimum age for working in any specific jurisdiction. In no event may suppliers or business partners employ workers less than 14 years of age.
- **Compensation.** Suppliers must fairly compensate their employees by providing wages and benefits which are in compliance with the local and national laws and regulations of the jurisdictions in which the suppliers are doing business, or which are consistent with the prevailing local standards in the countries.
- **Hours of Labor.** Suppliers must ensure that working hours are consistent with local regulations and are not excessive.

- **Forced Labor.** Suppliers must not use forced labor whether in the form of indentured labor, bonded labor or prison labor. Suppliers also must not support any form of human trafficking of involuntary labor through threat, force, fraudulent claims, or other coercion.
- **Discrimination.** Suppliers must base all conditions of employment on an individual's ability to do the job, not on the basis of personal characteristics or beliefs. Suppliers must follow all applicable employment laws, must not engage in acts of verbal or physical harassment and must not discriminate on the basis of race, color, national origin, gender, sexual orientation, religion, disability, or any other characteristic prohibited by applicable law.
- **Immigration Law and Compliance.** Suppliers must only employ workers with a legal right to work. Suppliers are obligated to validate all workers' legal status by reviewing original documentation (not photocopies) before they are allowed to commence work. Procedures which demonstrate compliance with these validations must be implemented. Suppliers must regularly audit employment agencies from whom they obtain workers to monitor compliance with this policy.
- **Employee Identification.** Suppliers must not require their employee's to store their identity papers (government-issued identification, passports, or work permits) with their employer with the intent to restrict employee movement. Suppliers' employees should be free to resign their employment in accordance with local and national laws or regulations without unlawful penalty.
- **Employee Records.** Suppliers must keep employee records in accordance with local and national laws or regulations and provide in a timely manner, via pay stub or similar documentation, the basis on which employees are paid.

## Environment, Health and Safety (EHS)

Suppliers must develop and implement policies and procedures that are protective of human safety, health and the environment, including the following:

- **Law and Compliance.** Suppliers must comply with all laws, regulations, ordinances, rules, product registrations, permits, licenses approvals and orders regarding the environment, health, and safety and the use of restricted substances in the countries in which they do business.
- **Systems.** Suppliers must develop and implement operating and management systems designed to detect, avoid and respond to potential risks and emergencies for the safety and health of all employees and the environment. Supplier must have written EHS policies and systems to minimize work-related injury, illness and environmental incidents.

- **Work Environment.** Suppliers must maintain a healthy, clean, and safe work environment and must not utilize mental or physical disciplinary practices. This includes any residential facilities that a supplier provides to its employees. Suppliers must construct and maintain all facilities in accordance with the standards set forth by applicable laws and regulations in the countries in which they operate.
- **Emergency Preparedness.** Suppliers must be prepared for emergency situations. This includes worker notification and evacuation procedures, emergency training and drills, appropriate first-aid supplies, appropriate fire detection and suppression equipment and adequate exit facilities. Suppliers must regularly train employees on emergency planning, emergency exit procedures and responsiveness.
- **Environment and Sustainability.** Suppliers must operate in an environmentally responsible and efficient manner and shall strive to minimize adverse impacts on the environment. Suppliers must conserve natural resources, avoid the use of hazardous materials where possible, and promote activities that reuse and recycle. Suppliers will engage in the development and use of climate-friendly products and processes to reduce power consumption and greenhouse gas emissions.

## Confidentiality & Data Protection

- **Confidentiality.** Suppliers must not disclose to others and will not use for its own purposes or the purpose of others any trade secrets, confidential information, knowledge, designs, data, skill, or any other information considered by HSC and its related entities as “confidential”.
- **Data Protection.** Suppliers must take appropriate steps to safeguard any information that could lead to the identification of individuals, including information that identifies individuals in combination with other information (“Personal Information”). Suppliers must maintain a written information security program that includes administrative, technical, and physical safeguards designed to protect the security, integrity, and confidentiality of Personal Information. Suppliers must process and protect the Personal Information of HSC personnel, patients, healthcare professionals, and other third parties in accordance with all applicable laws and regulations.

## Social Media

Supplier must educate and train employees on use of social media which should be broadly understood to include blogs, message boards, chat rooms, electronic newsletters, online forums, social networking sites, and other sites and services that permit users to share information with others in a contemporaneous manner. Such education and training must include that suppliers’ employees must not give the impression that they are speaking on behalf of HSC or its related entities or misrepresent or disparage HSC in any communications or online user forums. Although not an exclusive list, some specific examples of prohibited social

media conduct include posting commentary, content, or images that are defamatory, pornographic, proprietary, harassing, libelous, or that can create a hostile work environment.

### **Government Lobbying**

Supplier must not engage, directly or indirectly, in lobbying activities with elected officials, political party officials or candidates for public office or for a political party, on behalf of HSC without the prior express written approval from HSC Compliance or Legal Staff.

### **Subcontractors**

Supplier must educate and train the employees of subcontractors, who are involved in HSC business activities, on the principles of this Code of Conduct. Suppliers are obligated to require such employees and subcontractors to agree to and abide by the provisions set forth herein.

### **Reporting and Investigations**

Supplier must establish processes to enable the employees to report concerns or illegal activities through a formal reporting structure. Supplier must investigate reported incidents and take corrective action if necessary. Supplier must not take retaliatory action against any employees who in good faith report a concern, questionable behavior or illegal activity.

Supplier must immediately report to HSC its findings of any violation of law or of the provisions of the Code of Conduct relative to its activities with HSC. Supplier must fully cooperate with HSC to take all reasonable measures to investigate and remediate any non-compliance with the Code of Conduct.

### **Compliance with the HSC Code of Conduct**

Suppliers must ensure that they understand and comply with the HSC Code of Conduct and inform his/her HSC contact (or a member of HSC or Hanger, Inc. management) if and when any situation develops where the Supplier is not in compliance with this Code of Conduct.

### **Compliance Acknowledgment**

All suppliers are required to educate and train their employees to ensure that they understand and comply with the HSC Code of Conduct. Suppliers may be required, as a condition to maintaining an active relationship with HSC, to acknowledge their obligation to comply with the Supplier Code of Conduct.

### **Enforcement of and Compliance Verification**

Suppliers are expected to self-monitor their compliance with this Code of Conduct. In addition to any other rights HSC may have under their agreement with supplier, if HSC determines or believes that at any time supplier has failed to comply with any of these standards, then HSC has the right to cease the purchase of supplier's products and services or the supply of sale of

HSC products and services to supplier without notice and without liability or obligation of any sort accruing to HSC. HSC may also prohibit any supplier's employee from providing services to HSC who behaves in a manner that is unlawful or inconsistent with this Code of Conduct or with any HSC policy.

## **Reporting of Questionable Behavior and Possible Violations**

HSC encourages suppliers and their employees with questions regarding the Code of Conduct to contact HSC regarding their concerns. Suppliers and their employees should work with their HSC contact in resolving a business practice or compliance concern. Should it not be possible or appropriate to resolve a given concern directly with their HSC contact, supplier should contact HSC or Hanger, Inc. management.

## **Intolerance of Retribution or Retaliation**

HSC will not tolerate any retribution or retaliation taken against any individual who has, in good faith, sought out advice or has reported questionable behavior or a possible violation.

## **Section 9. Frequently Asked Questions**

### Question # 1 - How do we get our new products online at SPSCO.com or The Hanger Store?

*Please refer to section 6.0 in the Supplier Requirements document above. This includes both line extensions as well as new products. If you're extending a product line that has been previously approved, please notate that on the PIR form in the proper section for a more immediate response.*

### Question # 2 - Once our products are accepted on the SPS website, how do we market our products?

*SPS has many avenues that can be used to market your products to Hanger Clinics as well as Independent Clinics. You can reach out to Coleson Chase ([cchase@spsco.com](mailto:cchase@spsco.com)) or Melanie Perry ([mperry@spsco.com](mailto:mperry@spsco.com)) to discuss the options.*

### Question # 3 - How do we communicate discontinuation notices in advance to HSC?

*HSC requests that all discontinuation notices be sent in advance of the depletion of inventory at the Supplier's site with at least 90 days' notice. These notices can be sent to your HSC Procurement Specialist or to [pricing@spsco.com](mailto:pricing@spsco.com).*

### Question # 4 - How do we submit price changes to HSC?

*Please refer to section 2.0 in the Financial Requirements section in the Requirements Document above. HSC requires no less than 90 days' notice of the price change via email to [pricing@spsco.com](mailto:pricing@spsco.com). HSC requires a specific format to be submitted in excel which can be obtained by emailing the pricing team.*

Question # 5 - How do we get our products into the SCORE or Rewards Programs?

*The SCORE program is a unique design of HSC and Hanger Clinic that includes a review all the products in a specific category to identify the products that offer the greatest value to include quality, functionality, cost and current adoption rate. HSC and Hanger Clinic teams identify categories and work together to develop the product offering, though not all product categories are part of the SCORE Program. If a supplier would like to participate in the SCORE program, please reach out to your Procurement Specialist to see if the product categories in which you participate are on the calendar.*

*The Rewards program represents a collaborative effort of HSC and our sales and supply chain teams and is designed for the SPS business channel. The Rewards program was developed to highlight products with strong clinical efficacy that also provide a cost savings opportunity for Independent O&P Clinics. If you have an interest in having your products highlighted as part of the SPS Rewards program, please reach out to Coleson Chase ([cchase@spsco.com](mailto:cchase@spsco.com)) or Matt Penn ([mpenn@spsco.com](mailto:mpenn@spsco.com)).*