

SMITHS (GLOUCESTER) LIMITED The "Employer"

RESPONSIBLE PURCHASING POLICY

1. Responsible Purchasing Policy

Smith's (Gloucester) Ltd prides itself on conducting its business in a transparent and ethical manner. When making business decisions Smiths gives full consideration to minimising any possible negative impacts, whilst enhancing the positive impacts to the environment and society arising from our operations. Smiths believe that this is best achieved by working with suppliers, contractors and business partners who hold the same attitude to business.

This policy details the principles that Smiths will look to apply when appointing contractors and business partners to work with and in selecting suppliers of goods and services.

For the purpose of this policy the following definitions are used:

- **Business partner** – a legal entity, organisation or person that represents or is appointed as a sub-contractor to a contract and act in any capacity under that contract on behalf of Smiths
- **Contractor** – a legal entity, organisation or person who supplies goods or services that requires the contractor to carry out construction, installation or other works on Smiths' sites; or undertakes repair or maintenance to machinery, plant or buildings on Smiths' sites.
- **Supplier** – a legal entity, organisation or person that supplies goods or services to Smiths. For the avoidance of doubt this includes temporary employees or agency workers.

2. Smiths' contractor, business partner and supplier principles

2.1 Code of Conduct

Smiths will only trade with suppliers and work with contractors and business partners who agree to work within this Code of Conduct and related policies or who give undertakings that they operate within a policy framework that upholds comparable standards to that of Smiths. Smiths' Code of Conduct provides a framework covering workplace behaviour and business ethics.

2.2 Equal opportunities and fair employment practices

Smiths believes in giving everyone an equal opportunity to work and succeed within the business. Smiths does not tolerate discrimination.

Smiths believe that slavery, the exploitation of workers and the use of child labour should play no role in the operation of modern day business, we are committed to ensuring that acts of modern slavery and human trafficking are not present within its operations, those of its suppliers, contractors or business partners.

Smiths will only work with contractors and business partners and use suppliers who have declared their compliance with UK employment legislation and industry practices and

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relevant employment legislation in the countries in which they operate.

2.3 Employee welfare

The welfare and health and safety of Smiths' employees whilst at work and that of visitors to its sites is a priority. Smiths will only work with contractors and business partners who can actively demonstrate that they operate in a safe and responsible manner and when on Smiths sites or working on Smiths' behalf meet the standards and act in accordance with Smiths health and safety management systems.

2.4 Environment and community

Environmental and community issues are at the heart of Smiths' decision making processes. Suppliers, contractors and business partners should be able to demonstrate that they give similar priority in their own business decision making process and give undertakings that they will uphold the same standards as Smiths when carrying out work on Smiths' behalf.

2.5 Data protection

If required to handle employee or customer data on behalf of Smiths then suppliers, contractors and business partners must be able to demonstrate that they have robust procedures and management systems to ensure the privacy and security of data is maintained in accordance with UK Data Protection regulations.

3. Register of approved contractors and business partners

3.1 Approval of contractors and business partners

Smiths operates a contractor and business partner approval process which requires a company or trader wishing to work with Smiths in either capacity to provide information and give undertakings to support their compliance with Smiths contractor, business partner and supplier principles, in addition to any other specific operational requirements.

Each trading company of Smiths is to:

- Nominate a competent person or persons to review the documents submitted by a contractor or business partner and such person will be responsible for accepting or declining their approval
- Maintain a register of approved contractors and business partners with supporting information
- Undertake a regular review of the information held to support approved contractors and business partners on the register.

In certain circumstances Smiths will undertake audits of approved contractors and business partner operations and management systems to verify documentation submitted as part of the approval process.

4. Suppliers

Each trading company of Smiths is to:

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- Identify its current suppliers
- Write on an annual basis to all its current suppliers and request that they give an undertaking in writing confirming their compliance with the Modern Slavery Act 2015. If a supplier has a turnover of £36m or over per annum they should provide a copy of their published statement of compliance with the Modern Slavery Act 2015.
- Where a supplier is believed to be in breach with the Modern Slavery Act 2015 and refuses or is unable to give an undertaking confirming compliance with the Modern Slavery Act 2015 within a reasonable time, they will be removed from Smiths' purchase order system.

5. Procurement of goods, services and asset purchase (including capital works)

When looking to procure goods, services and asset purchases employees should obtain competitive quotes and look to obtain the best value for Smiths. When evaluating best value employees should consider and weigh up the benefit of each quote against a number of factors (as applicable) over time:

- The price paid
- Reduced costs of operation e.g lower fuel consumption
- Avoided costs e.g reduction in maintenance cost
- Enhanced health and safety
- Quality and traceability of product (CE Marking) UKCA or UK(NI) became mandatory in 2022
- Reduced environmental impact
- Improved productivity
- Improved operation
- Cost of finance
- Investment return
- Comply with Smiths HAV procurement for tools and equipment procedure
- Enhanced reputation, and
- Legal compliance.

Where Procurement of Contract Materials or Purchase of Assets is Budgeted or Unbudgeted, and equal to or above Smiths Expenditure Threshold then Purchasing employees will be required to have all orders above that Threshold signed off by an Executive Board Member or Director of the Company. The approval procedure and orders will not be placed until confirmation & clearance has been received from the above mentioned, that the Purchase has been approved.

Employees must ensure that all work equipment they acquire conforms to the essential requirements of the European Community law relating to its design and construction CE,

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UKCA / UK (NI) marking and that it is maintained to this standard. Therefore, reasonable checks for safety and health compliance should be made when selecting and acquiring new work equipment, including checks for obvious Danger (such as missing or damaged guards), and that the instructions and are in English.

6. Appointment

6.1. Appointment of a contractor or business partner

A contractor or business partner can only be issued with a purchase order, or separate contract entered into if they are either:

- Approved contractors or business partners and have up to date records on the approved contractors' or business partners' register; or
- Give an undertaking to comply with Smiths contractor and business partner approval process and it is conditional upon them being entered by Smiths on the approved contractors' or business partners' register.

6.2. Selection of a supplier

If a supplier is not already on the company's purchase order system or deactivated, then the supplier should only be issued with a purchase order if the authorising employee has either:

- An undertaking in writing confirming the suppliers compliance with the Modern Slavery Act 2015; or
- They are able to demonstrate compliance with the Modern Slavery Act 2015 through their own enquiries – i.e. included within the suppliers quote or published on their website.

7. Non-conformity or breaches of this policy

If a contractor, business partner or supplier is not able to comply or maintain compliance with the terms of this policy (as applicable), in so far that they are not continuing business or an operation in an unlawful manner, then Smiths will allow reasonable time to allow non-compliances to be rectified.

If a contractor, business partner or supplier is unable to rectify the problem in a reasonable time period or acts in an unlawful manner, then the appropriate contract will be terminated immediately in accordance with its terms and conditions; and (if applicable) they will be removed from Smiths' approved contractor and business partner register and deactivated from the company's purchase order system.

7.1 Failure by an employee to follow the Responsible Purchasing Policy

If an employee fails to follow this policy and knowingly appoints or enters into a legally binding contract with a contractor, business partner or supplier who is shown to be in breach of the Responsible Purchasing Policy then this will be considered a disciplinary matter and may result in dismissal.

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7.2 Reporting breaches of this policy and whistleblowing

We are committed to conducting our business with honesty and integrity, and we expect all staff to maintain high standards. However, all organisations face the risk of things going wrong from time to time, or of unknowingly harbouring illegal or unethical conduct. A culture of openness and accountability is essential in order to prevent such situations occurring or to address them when they do occur.

8. The Responsible Purchasing Policy and how it works with other Smiths policies

This policy summarises the interaction of a number of Smiths' policies that set standards for the way in which Smiths conducts business. When applying this policy in the approval of contractors and business partners and selection of a supplier, employees with this responsibility should familiarise themselves with and be aware of the following Smiths policies:

- This Code of Conduct (and related policies)
- Equal Opportunities Policy
- Health and Safety Policy
- Environment Policy
- Data Protection Policy
- Whistle-blower Policy
- Anti-Bribery Policy

9. Procurement Policy for Purchasing HAV Registered Tools & Equipment

- Research with Suppliers for Registered & Certified HAV Equipment & Tools required.
- Send out Official Supply Enquires indicating Registered & Certified HAV Equipment & Tools required for the category of work required. Indicating the Specification, and HAV level that piece of equipment should comply with.
- On return of 3 No plus Quotations, check Specification, and Current HSE HAV requirements have been complied with, and are within said level of requirement.
- All Departments within Smiths (Gloucester) Ltd have HAV Registration Catalogues for all Tools/Equipment being operated within their Department. In addition all Departments hold the HSE HAV Level indication manual, which are used on all future purchases of Tools/Equipment.
- Trial piece of HAV Equipment/Tool with the relevant Supplier, on its suitability.
- Toolbox talks are held on a regular basis, to inform, and Teach all our site operatives on the safe working Practice with all HAV Equipment/Tools used within the company.
- HAV Spec Tools/Equipment to be purchased will be chosen for their suitability for the Task required ensuring that they provide a suitable level of protection to the user.

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- When the company is happy that the piece of Equipment/Tool conforms to all HAV Specification, and HSE Criteria, that item would then be procured. Said piece of Tool/Equipment would then go onto Departmental Registration Catalogue.

10. Communication and changes to this policy

Smiths will take every reasonable step to ensure that the contents of this

Responsible Purchasing Policy, and any changes to it, are communicated to all employees, their current approved contractors, business partners and suppliers. Smiths will publish this policy on all its company websites. The most up to date version will always be the one that is available online.

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