

## 6.6 Responsible Sourcing Policy

# Responsible Sourcing Policy

### 6.6.1 Introduction

This Responsible Sourcing Policy establishes the minimum standards we expect of our supply chain. Senior plc is committed to the highest possible standards of environmental, ethical and social responsibility performance in respect of all its products and services. Senior strives to be the best for its customers and its people, and looks to make a positive contribution to society wherever it operates.

### 6.6.2 Applicability

Adherence to this policy is mandatory and all businesses should ensure that they are aware of the requirements of the policy.

### 6.6.3 Scope

This policy applies to all suppliers of goods or services where the annual spend is anticipated to exceed £500k. It also applies to higher risk suppliers determined by country of origin and/or nature of supply. The flowchart in Appendix 1 will enable you to determine where a supplier is deemed higher risk.

For all prospective suppliers covered by the policy, as determined above, the due diligence process described below must be followed prior to placing orders. Where an existing supplier falls within the scope and the policy has not been applied then it must be retrospectively applied at the earliest opportunity.

All businesses should retain their analysis as to which suppliers fall within the scope of the policy and this should be reviewed on an annual basis.

### 6.6.4 The Principles

To define the environmental, ethical and social responsibility principles that its suppliers should adhere to, Senior has developed ten principles. The Principles are anchored in internationally recognized standards, including the UN Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights. Suppliers are expected to adhere to these principles at all times. Senior aims to be a good partner in return, and will work with suppliers to support any necessary improvements and encourage continual improvement.

The Responsible Sourcing Principles are shown in Appendix 2.

### 6.6.5 Code of Conduct

Our suppliers should demonstrate that they have a Code of Conduct or that they are willing to sign up to the Senior plc Code of Conduct.

### 6.6.6 Due Diligence

Where a supplier is covered by the scope of this policy the following steps should be taken.

#### 6.6.6.1 Contact Supplier

The prospective or current supplier should be sent the Responsible Sourcing letter and declaration in Appendix 3. This should be accompanied by the Responsible Sourcing Principles (Appendix 2). The supplier should be given no more than 28 days to respond. All responses should be reviewed and followed up with the supplier where appropriate. Non responses must be chased.

The supplier should also be requested to complete the Supplier CSR self-assessment tool (Appendix 4).

Where there is the potential for conflict minerals the Conflict Minerals Supplier Memorandum, Survey and Certification must also be completed.

All returned documentation for the supplier must be kept on file and may be subject to audit.

#### 6.6.6.2 Non compliance

Where a supplier fails to return the paperwork or has a non-compliance, with no plan to address, the supplier should not be used. Where an alternative source cannot be identified or where this is a directed supply the supplier can only be used with the approval of the site and division CEO. This approval must be kept on file.

Where a supplier has provided a commitment to comply this must be followed up to ensure compliance within a reasonable time-frame (no longer than three months).

#### 6.6.6.3 Supplier Audits

Whenever a supplier visit takes place, but no more frequently than every three years, the responses to the Supplier CSR self-assessment tool should be reviewed with the supplier and evidence of the response given should be demonstrated. Notes from the supplier audit should be retained on file and may be subject to audit.

#### 6.6.6.4 Periodic Review

To ensure ongoing commitment to and compliance with our Responsible Sourcing Principles periodic review is required. Where a supplier audit has not taken place, the supplier should be requested to repeat the due diligence exercise every three years.

All paperwork should be maintained on file.

## Responsible Sourcing Policy - when does it apply?

Explanation - this monetary limit has been applied for practical reasons and is based on actual or envisaged spend in excess of £500k p.a..

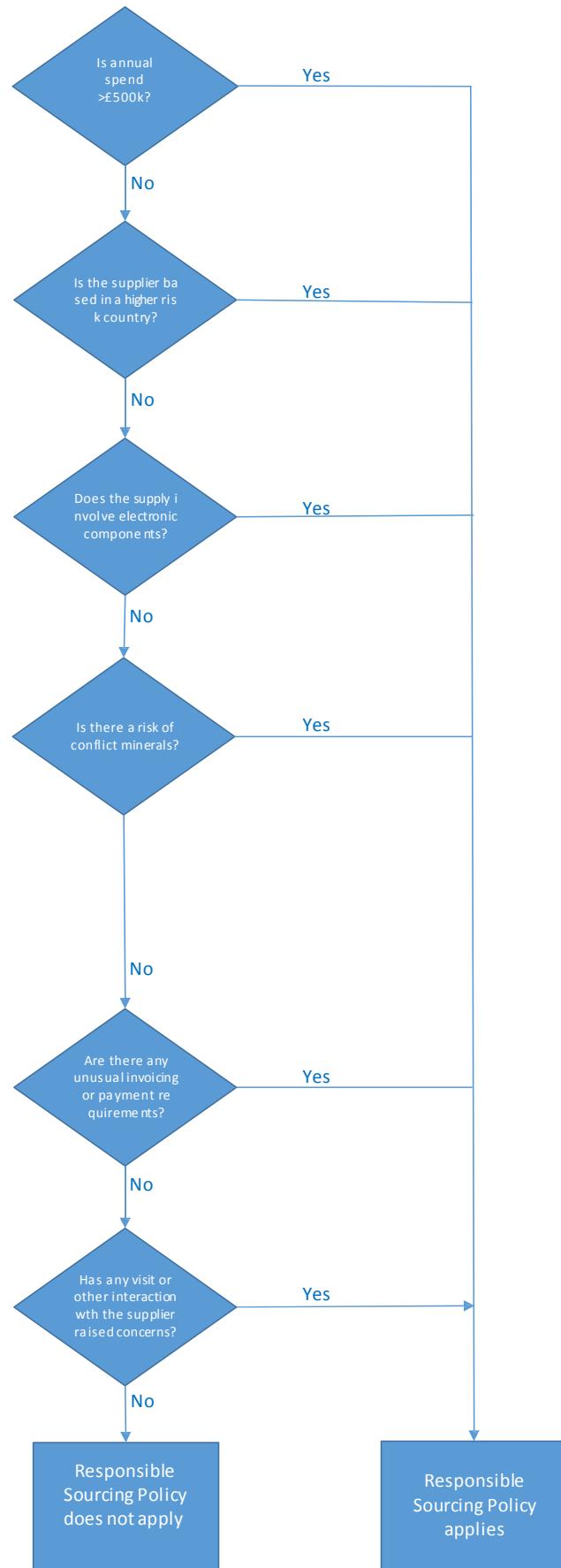
Explanation - the risk of Modern Slavery is higher in certain countries. If the supplier is based in a country listed on the 'country' tab you should apply the Responsible Sourcing Policy

Explanation - there is a risk of counterfeit parts entering the supply chain. This could cause us to violate contracts with our customers and/or introduce a quality risk. Suppliers of IT equipment, amongst others, would be caught by this question.

Explanation - whilst not directly subject to the Dodd-Frank Wall Street Reform, Senior is committed to taking reasonable steps to ensure that conflict minerals do not enter our supply chain. Conflict Minerals includes certain suspect minerals that originate from The Democratic Republic of Congo (DRC) and its surrounding areas. The suspect minerals include gold, columbite-tantalite, cassiterite and wolframite and their '3T' derivatives which are tantalum, tin and tungsten. In practice, when Senior reviews its supply chain with respect to Conflict Minerals the focus should be on cases where Conflict Minerals could be used within the composition of the product, including consumables such as paints, spray powders, welding wire, solder and brazing foils.

Explanation - if a supplier requires us to pay to a different location or country to that of the supply or requests unusual wording or documentation there may be an indication of an intent to evade tax and/or money launder. If you have any such concerns the Responsible Sourcing Policy should be applied.

Explanation - notwithstanding the response to any other question, if you have any concern as to the suppliers commitment to high environmental, ethical and social responsibility standards you should apply the Responsible Sourcing Policy.



Afghanistan	Haiti	Qatar
Algeria	Hong Kong SAR China	Republic of the Congo
Angola	India	Russia
Bangladesh	Iran	Rwanda
Botswana	Iraq	Saudi Arabia
Brunei	Ivory Coast	Senegal
Burkina Faso	Jordan	Sierra Leone
Burundi	Kenya	Singapore
Cambodia	Kuwait	Somalia
Cameroon	Lebanon	South Africa
Cape Verde	Lesotho	South Korea
Central African Republic	Liberia	South Sudan
Chad	Libya	Sudan
Colombia	Macedonia	Suriname
Cuba	Madagascar	Swaziland
Democratic Republic of the Congo	Malawi	Syria
Dominican Republic	Mali	Tajikistan
Egypt	Mauritania	Tanzania
El Salvador	Mexico	Thailand
Equatorial Guinea	Morocco	Timor-Leste
Eritrea	Myanmar	Togo
Ethiopia	Namibia	Tunisia
Gabon	Nepal	Turkey
Gambia	Niger	Turkmenistan
Ghana	Nigeria	Uganda
Guatemala	North Korea	Uzbekistan
Guinea	Pakistan	Venezuela
Guinea-Bissau	Papua New Guinea	Yemen
Guyana	Peru	Zambia
	Philippines	Zimbabwe

**Principle 1. Business Ethics**

- Integrity and Improper advantage: suppliers are required to exercise zero tolerance and prohibit all forms of bribery, corruption, extortion or embezzlement and have robust procedures in place to prevent bribery and corruption.
- Any conflict of interest in a supplier's business dealings with Senior must be declared. Whilst acknowledging that corporate ownership models vary from country to country, any ownership or beneficial interest in a supplier's business by a government official, representative of a political party or a Senior employee is declared to Senior prior to any business relationship with Senior being entered into.
- Any business entertaining or hospitality with Senior is reasonable, entirely for the purpose of maintaining good business relations and not intended to influence in any way Senior's decisions about how Senior awards future business. Gift giving between supplier's employees and Senior's employees is avoided.
- All business and commercial dealings must be transparent and accurately recorded in the supplier's books and records. The supplier should be committed to the avoidance of money laundering and tax evasion.
- Responsible Sourcing of Metals; Suppliers are required to have policy and procedures to ensure that the tantalum, tin, tungsten and gold in any products supplied to a Senior Group Company do not directly or indirectly finance or benefit armed groups in the Democratic Republic of Congo or an adjoining country.
- Senior understands that there is a worldwide problem concerning counterfeit components entering the supply chain. Senior is committed to sourcing materials from companies that share our values. Suppliers must ensure that components are procured directly from the OEM, OEM authorized distributor or OEM authorized agent/representative.
- The supplier should have appropriate data protection policies in place.

**Principle 2. Wages and Benefits**

- Workers must be provided with a total compensation package that includes wages, benefits and paid leave which meets or exceeds the local legal minimum standards. Wages must not be paid in kind.
- Written and understandable information must be provided to workers outlining the terms, conditions and wages of their employment before they enter employment and thereafter.
- All use of temporary, dispatch and outsourced labor must comply with the local law.

**Principle 3. Working Hours**

- The weekly working hours of all workers must comply with local laws and be reasonable.
- All overtime requested by the employer is compensated fairly and appropriately monitored.
- Workers must be allowed at least one day off in every week.

**Principle 4. Non Discrimination**

- Suppliers must have employment policies and practices that embrace equality for all.
- There should be no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

**Principle 5. Child labor**

- Under no circumstances will workers be used who are under the age of 16 or are under the minimum age for work (whichever is the higher). Workers under the age of 18 must not be employed at night or required to undertake hazardous work.

**Principle 6. Freedom of Association**

- Suppliers must conform to local law in respecting the right of all employees to form and join a trade union, to bargain collectively and to engage in peaceful assembly. Suppliers must also respect the right of employees to refrain from such activities.
- Workers shall not be intimidated or harassed in exercising their right to join or refrain from joining a union.

**Principle 7. Health and Safety**

- A safe, healthy and hygienic workplace must be provided and necessary steps taken to prevent injuries and ill health arising from the course of the work.
- Clean sanitation facilities and potable water must be provided.
- Suppliers must identify potential emergency situations and events and have plans in place to prevent injury to staff should they occur.
- Worker exposure to physically demanding tasks must be evaluated and controlled.
- Suppliers must ensure that staff are provided with appropriate workplace training in their primary language. Health and Safety information must be clearly posted in the facility.

Principle 8. Fair procedures and remedies

- Workers must be provided with transparent, fair and confidential procedures that result in swift, unbiased and fair resolution of difficulties which may arise as part of their working relationship.

Principle 9. Harsh and inhumane management practices

- Employees must be treated fairly and in accordance with local legal norms. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse of other forms of intimidation shall be prohibited.
- Suppliers to Senior must not use forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery or trafficking of persons shall not be used.
- Supplier must ensure that there are no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities.
- All work must be voluntary and workers shall be free to leave work at any time or terminate their employment.
- Suppliers to Senior must ensure that employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to employees' identity or immigration documents, such as government-issued identification, passports or work permits, unless the holding of work permits is required by law.

Principle 10. Environmental Management

- Suppliers shall operate an environmental management system (preferably accredited to ISO 14001) which ensures that the business operates in an environmentally responsible and efficient manner and minimises any adverse impacts on the environment. This must include the safe handling, movement, storage, recycling, reuse, or management of waste, air emissions and wastewater discharges and take all reasonable measures to prevent any spills/releases.
- Suppliers must have all required environmental permits in place.
- The suppliers must have management systems in place to prevent and monitor pollution and waste generated at its facility
- Hazardous substances must be controlled and managed to prevent environmental harm.
- Suppliers must monitor waste water in conformance with local laws.
- Suppliers must identify and adhere to all applicable laws regarding the registration, use and restriction of the chemicals in use at the business.
- Suppliers must have a program to monitor greenhouse gas emissions and to find cost effective ways to reduce these emissions.