



Responsible Purchasing Policy

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1. Responsible Purchasing Policy

The Hills Group of companies (Hills) prides itself on conducting its business in a transparent and ethical manner. When making business decisions Hills gives full consideration to minimising any possible negative impacts, whilst enhancing the positive impacts to the environment and society arising from our operations. Hills believes 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 Hills 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 Hills
- **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 Hills' sites; or undertakes repair or maintenance to machinery, plant or buildings on Hills' sites.
- **Supplier** - a legal entity, organisation or person that supplies goods or services to Hills. For the avoidance of doubt this includes temporary employees or agency workers.

2. Hills' contractor, business partner and supplier principles

2.1 Code of Conduct

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

2.2 Equal opportunities and fair employment practices

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

Hills believe that slavery, the exploitation of workers and the use of child labour should play no role in the operation of modern day business. Hills is 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.

Hills will only work with contractors and business partners and use suppliers who have declared their compliance with UK employment legislation and industry practices and relevant employment legislation in the countries in which they operate.

2.3 Employee welfare

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

2.4 Environment and community

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

2.5 Data protection

If required to handle employee or customer data on behalf of Hills 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

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

- 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 Hills' 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 Hills. 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 eg lower fuel consumption
- Avoided costs eg reduction in maintenance cost
- Enhanced health and safety
- Reduced environmental impact
- Improved productivity
- Improved operation
- Cost of finance
- Investment return
- Enhanced reputation, and
- Legal compliance.

Where expenditure or purchase of assets is unbudgeted or budgeted and equal to or above £10,000 in value then employees must follow the Hills SE1 (special expenditure) and HC1 (capital expenditure) approval procedure and orders may not be placed until confirmation has been received from the finance committee that the expenditure has been approved.

6 Appointment of a contractor or business partner and selection of a supplier

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 Hills' contractor and business partner approval process and it is conditional upon them being entered by Hills 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 – ie 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 Hills 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 Hills' 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.

7.2 Reporting breaches of this policy and whistleblowing

If you are concerned that an employee has failed to follow this policy in the appointment of a contractor, business partner or in the selection of a supplier; or about any practice or activity of a contractor, business partner or supplier that is in conflict with any aspect of this policy then you should notify your line manager.

However, where an employee feels unable to approach their line manager they should raise their concern with their divisional Group director, or if the matter is of a significant concern call the whistleblower phoneline:

0800 915 1571

Please refer to Hills' Whistleblower Policy for more information.

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

This policy summarises the interaction of a number of Hills' policies that set standards for the way in which Hills 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 Hills policies:

- The Code of Conduct (and related policies)
- Equal Opportunities Policy
- Health and Safety Policy
- Environment and Community Policy
- Data Protection Policy
- Whistleblower Policy
- SE1 and HC1 Policy.

9. Communication and changes to this policy

Hills 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, its current approved contractors, business partners and suppliers. Hills will publish this policy on all its company websites. The most up to date version will always be the one that is available online.

Approved by The Hills Group board of directors on 03 October 2017.