

# Sustainable Procurement Policy

# Preamble

## Sustainable Procurement

Sustainable procurement aims to minimise the environmental, social and economic impact of the procurement of goods and services. Our *Driving Net Zero* sustainability strategy recognises the need for alignment and supportive measures by our partners in our supply chain in order to achieve our sustainability goals. This policy outlines the best practices to be taken by our employees who are involved in the procurement of goods from third parties, and what we expect from our partners.

### Our Commitment

Sustainability consideration shall be incorporated into all procurement decisions to measure practices against our sustainable procurement objectives.

Suppliers will be provided with clear guidance to help understand our requirements and our selection and award process. Where appropriate, sustainability targets will be included in the terms of procurement contracts.

We will take a proactive approach in collaborating with you towards achieving our sustainability goals in line with the United Nations Sustainable Development Goal (SDG) 17, which calls for the creation of partnerships for sustainable development.

### What do we expect from you?

As well as the standards you are expected to adopt in relation to business ethics, social and environmental impacts, you and your subcontractors must commit to complying with this Policy

You shall be able to demonstrate compliance with the sustainability requirements outlined in the Stagecoach Supplier Code of Conduct and evidence this if requested by Stagecoach.

Should non-compliance to stagecoach policy be identified you will commit to ensure compliance over a mutually agreed improvement plan.

# Environmental sustainability

We recognise the importance of taking action to combat climate change and its impacts and we have pledged to be a Net Zero business by 2050, in line with the Climate Change Act 2008 [Amended by Climate Change Act 2019]. Environmentally sustainable procurement will play a key role in reaching this target by ensuring that all goods, services, works or utilities needed for the organisation to function achieve value for money and resource efficiency on a whole life basis.

## Our Commitment

We recognise that achieving our sustainability goals requires collaboration with stakeholders to develop solutions to support carbon reduction in our business. Recognising the need outlined in United Nations SDG 13 to take urgent action to combat climate change and its impacts, our employees are encouraged to work with you to reduce waste in all areas of our operation, including to reduce packaging waste, eliminate single use plastic, increase recycled materials in products and circular economic principles.

All procurement decisions will consider the carbon and waste impact/efficiency of goods and services within the context of our commitment to become a Net Zero business by 2050 and to divert 95% of waste from landfill by 2026. We shall give preference to suppliers who can:

- a) commit to setting a Science Based Target with the Science Based Targets initiative
- b) reduce total material use;
- c) increase use of recycled materials;
- d) reduce the number of product components;
- e) minimise the use of materials that are, or the production of which is, harmful to the environment;
- f) extend product and material life;
- g) enable repair and servicing;
- h) minimise waste generation; and
- i) facilitate recyclability

## What do we expect from you?

You will comply with all applicable laws and regulations in the jurisdictions in which you operate and will notify us of any breach of environmental laws and regulations as soon as you are made aware. You will inform of any prior breaches of environmental laws and regulations, to a minimum of five years, prior to engagement with us and inform of any pending and/or ongoing investigation being undertaken by the UK Environment Agency or similar authority worldwide.

You must be willing to provide information to us about a product's or service's environmental and ethical trade credentials.

You must strive to achieve the highest standards of environmental protection by developing and implementing policies that contribute to the conservation and preservation of natural resources and prioritise resource efficiency. You are required to be able to evidence your efforts to minimise the production of waste.

You must have an environmental policy appropriate to the size, nature and complexity of your operation which addresses preventing, mitigating and controlling serious environmental and health impacts from operations. This policy must be reviewed at least annually; signed and dated by senior management; and provided to us on request.

We encourage you to measure your carbon emissions and develop a carbon reduction plan, signed by senior management, and provided to us upon request.

We encourage you to achieve or work towards alignment to ISO 14001 throughout the contracting period.

# Social sustainability

We recognise that corporations must respect human rights and strive to improve the lives of the people and communities in which they operate. Socially sustainable procurement is concerned with ensuring that our money is spent in a way that does not lead to unfair discrimination and social exclusion.

## Our commitment

We embrace and promote diversity and inclusion and are committed to realising United Nations SDG 5 which calls for gender equality and the empowerment of all women and girls.

We are committed to realising United Nations SDG 4 by ensuring inclusive and equitable education and promoting lifelong learning opportunities for all.

## What do we expect from you?

You are required to provide a safe and hygienic working environment in line with local legislation & guidelines and ensure that all work is undertaken in accordance with relevant health and safety legislation. You must inform us of any significant potential risks related to the products or services supplied. You shall be able to demonstrate that your workers receive regular and recorded health and safety training.

You are encouraged to open employment, apprenticeship, trainee and work experience opportunities to support your local community, students, under-represented groups and people experiencing long-term unemployment. You are encouraged to sign up to the 5% Club as a demonstration of commitment to work toward having a minimum 5% of their UK workforce enrolled on formalised apprentice, sponsored student and/or graduate development schemes within five years.

You are encouraged to develop an equalities, diversity and inclusion policy and action plan which links diversity and inclusion initiatives to their organisation's wider goals. You are expected to disclose: percentage of workforce from underrepresented groups and actions to represent the local demographic; percentage of workforce receiving diversity and inclusion and unconscious bias training; and Gender pay gap and actions to narrow it.

You are expected to abide by all relevant employment laws and regulations within the jurisdictions you operate.

You are expected to comply with the Modern Slavery Act 2015 and implement due diligence procedures to ensure as far as practicable no slavery or human trafficking occurs within your supply and wider value chain.

It is not acceptable to source goods or services in a foreign territory solely in order to allow an activity to occur which would not be permissible in our home territory, and/or in those territories to which our services are supplied.

You are expected to respect the human rights of employees, other personnel and local communities

and commit to respecting, protecting and promoting the principles set out in the United Nations Universal Declaration of Human Rights, The International Labour Organization standards regarding child labour and minimum age and The Ethical Trading Initiative's (ETI) Base Code.

# Economic sustainability and corporate governance

Economic sustainability focuses upon ensuring that economic benefits are brought to the workers, investors, and communities in which we operate. Economically sustainable procurement aims to ensure long term commercial resilience within the supply chain in line with United Nations SDG 8, which calls for sustained, inclusive and sustainable economic growth.

## Our Commitment

All activity between us and suppliers shall be conducted with an unimpeachable standard of integrity. In line with the provisions of the UK Bribery Act 2010, the acceptance of gifts, hospitality or inducements of any nature during a competitive tender by employees is strictly prohibited.

In our relationships, potential conflicts of interest can sometimes arise. Any such conflicts will be reported as soon as they are identified. Likewise, if our former employees are potential suppliers, we will maintain the integrity of the procurement process by ensuring that they do not receive any special consideration.

We are committed to providing full and fair opportunity for Small to Medium Enterprises (SMEs) and local suppliers in relevant tiers of our supply chain. The use of SMEs and local suppliers is encouraged as a means to promote supplier diversity and market competition. We will ensure that SMEs and local suppliers can be evidenced in all procurement decision making wherever possible.

## What do we expect from you?

You shall be able to demonstrate you have policies and procedures in place to deal with the risks of bribery in your organisation in accordance with the UK Bribery Act 2010.

You shall be able to demonstrate you have policies and controls in place in your IT procedures to ensure adequate levels of data protection for our clients, employees and supply chain.

You shall:

- a) embed basic business principles in a Code of Business Standards, including such items as adherence to local laws and regulations;
- b) ensure that appropriate policies and procedures are in place to stop fraud, money laundering, bribery and corruption;
- c) comply with all relevant law pertaining to Financial Crime and not do or omit to do anything which would cause Stagecoach group to be in breach of such relevant law;
- d) have reasonable and lawful payment policies with their own suppliers and subcontractors; and
- e) agree to our Vendor Code of Conduct

You are required to develop Business Continuity Policies outlining plans at a practical level for responding to disasters or unexpected events which might have potentially disruptive consequences for us.

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