

John Henry Group	Sustainable Procurement Policy	
Reference Number: POL-JHG-EN002	Version Number: 3	
Published Date: 12/05/2023	Next Review Date: 30/10/2025	
Document Owner: Procurement Manager	Approved By: Finance Director	

Purpose and Context

Although a high level of personal accountability is expected from all employees involved in procurement activities, it is also recognised that a significant degree of process formality is necessary where business resources are being committed, to adequately protect our business and our employees from potential risk. This Purchasing Policy applies to all staff and employees of John Henry Group in any situation where they are involved in a purchasing process, whether as requisitioner, specifier, buyer, negotiator, or those who authorise payment. ‘Purchasing’ includes all procurement activities including leasing, hiring and may where appropriate, include other activities accompanying the life cycle of goods or service contracts. This Policy Statement is a public document. It confirms to all employees, to actual or potential suppliers and contractors, to customers and other regulators and to stakeholders in the wider community, the principles under which this company procures and contracts goods and services.

Policy Objectives

This Policy commits John Henry Group, and every individual involved in purchasing and supply management processes within the organisation, to use their best endeavours to ensure that our purchasing and contracting activities are:

- Legal
- Clear and transparent
- In line with our values and principles
- Consistently applied across each area of spend
- Economically effective, whilst referencing our social and environmental principles
- Conducive to maintaining the organisation’s ability to take advantage of appropriate technological, commercial, and organisational developments as they arise
- Capable of identifying, minimising, and managing risks that may threaten the supply chain or the wider organisation
- Future facing and considering changes which can be reasonably expected in the future

Legal Requirements

Our purchasing and contracting activity will fully respect and comply with:

- All applicable UK directives and regulations.
- The relevant laws, regulations and so on of other territories in which organisations operate, to which we supply, or from which we source
- International laws, treaties, and agreements to which the UK government is party (including, for example, any United Nations-approved trade sanctions, also the laws on taxation, environmental impact, employment, health & safety, corruption)

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The company has a zero tolerance to bribery and corruption in accordance with the Bribery and Corruption Act 2010. This policy extends to all the company's business dealings and transactions. The company is committed to the fair and effective application of laws and regulations; there is therefore a positive duty on the organisation and its employees to report and refer all reasonably founded suspicions of illegal activity.

Accountability and Auditability

To remain clear and transparent, purchasing activity will take place using systems (manual or electronic) that for all purchases, including the use of the Company virtual credit card, contracts, and external commitments (above the level personal expenses) will record and as appropriate provide justification for:

- The originator of the requirement
- The purpose of the requisition
- The route by which the requisition was approved (Purchasing authorisation rules applies in line with our SoDA policy).
- The route by which the purchase was made (e.g. Requests for Quotation, Tender documents and so on) and the reasons for decisions made
- The source of supply

It is a fundamental requirement that as far as is possible (and subject to the Procedures for low-value purchases), the requisitioner, the buyer, and the authoriser of payment should be different persons, all identifiable from the records or systems.

No orders should be accepted without a valid, properly authorised John Henry Group purchase order.

No staff or employee of John Henry Group should enter into any Purchasing / Contract agreement without the correct authorisation from the purchasing department or other authorised personnel on behalf of the Senior Leadership Team

Risk Management

The expenditure of resources outside the Group, and the dependence on an external supply chain, exposes the organisation to a wide variety of risks. A significant function for the purchasing function is to identify, and if possible, minimise and otherwise manage the likely impact of such risks (to the organisation itself and to other stakeholders).

Where even a small supply problem could have larger ramifications for the well-being of the organisation formal risk assessments will be made, as appropriate, addressing:

- Supply risk - risks resulting from the poor performance of a supplier or contractor
- Market risk – arising from either fluctuation in availability or price volatility issues
- Environmental risks – anticipating and planning for the likely impacts of climate change and changing land use
- Geo-political risks - the impact of unpredictable hazards from ‘Acts of God’ through acts of Parliament to acts of terrorism; also factors which might reasonably anticipated due to sourcing location or shipping routes
- Social risks – arising from issues related to Corporate Social Responsibility such as Human Rights and so on
- Demand risks - arising from requestors ordering too much, too little, or the wrong goods or services, relative to the actual need
- Control risks - risks arising from deficiencies in internal processes and procedures

Risk assessment in the supply chain is subjective but it is nonetheless required that where a significant risk is identified, it shall be advised to stakeholders and where possible alternative solutions, or fall-back positions

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considered and documented. The purchasing function must ensure adherence to those internal risk/change management procedures which govern the type of purchase being made.

Purchasing within Our Values and Principles

The Company’s purchasing team are bound to observe and fulfil our values and principles to the wider community. During purchasing activities, it is quite likely that ethical, environmental, and social responsibilities may conflict, both between themselves and with other objectives such as that of economic efficiency. Where such conflicts arise, a balanced decision needs to be taken; consultation with key stakeholders may be appropriate before making decisions where there may be a significant opportunity or compromise situation.

The following sections illustrate where and how Purchasing Policy helps to underpin and uphold the 6 ‘P’s of the company values:

Prosperity

- The desired outcome is that of greatest value gained in terms of quality and service, at the best possible price.
- Total cost will as appropriate consider the full anticipated life-cycle costs of the goods or services, including factors such as maintenance, servicing, reliability costs, delivery cost, obsolescence, and costs of ultimate disposal where this organisation may be responsible for them
- We will strive to have an appropriate understanding of the supply market for us to take all practicable steps to assure uninterrupted supply
- Purchasing should be carried out with consideration to the relative benefits of longer-term price predictability and sustainability versus shorter term commercial opportunity where it may exist
- Purchasing activities will be carried out with an awareness of their impact on the prosperity of our business and that of our suppliers. We do not aim to succeed at the expense of our suppliers and regard a healthy profitable supply base as important for our future.
- Due consideration should be made to the protection of our intellectual property, whether trademarks, trade secrets or other commercially sensitive information, through appropriate use of confidentiality agreements.

People

- We adhere to the principles of the International Labour Organisation Conventions on Labour and Human Rights, Modern Slavery Act 2015 and International Conflict Mineral Laws and Regulations and expect our suppliers to do the same.
- We will deal with all actual and potential suppliers and contractors fairly, equally, and objectively
 - We expect all suppliers and subcontractors to support JHG to comply with Control of Pollution act 1974 to minimise disruption to the local community, particularly regarding noise and vibration, dust and other emissions.
 - We expect suppliers and subcontractors to, wherever possible, provide silenced plant/equipment and enforce the use of covers, baffles, and noise suppressants on Company projects.
 - We will work with the suppliers to plan deliveries to minimise the potential negative effects on local communities.
- We will work with our suppliers in an open and honest way and strive to treat others in the way that we would expect to be treated ourselves. We value strong and productive relationships.
- We always aim to pay our suppliers within the agreed payment terms
- Purchasing activities will encourage where appropriate the utilisation and development of local and regional suppliers, also encourage diversity in the supply base in the shape of small suppliers, start-up companies, and minority-owned suppliers

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- All reasonable attempts will be made to assist suppliers to overcome difficulties and/or to improve their performance for us. Terminating a supplier or a contract is not something we will undertake lightly, nor would it be done without appropriate communication and notice.

Product

- We seek to source products of good quality appropriate to our business and projects to remain best in class, without being over-engineered or extravagant
- We expect our suppliers to maintain a consistent quality within agreed specifications, and to have appropriate systems in place to assure this continues to be the case
- Our suppliers are expected to be able to provide assurance of conformance with any relevant product safety legislation and be able to support any claims of product standards/provenance
 - We encourage suppliers to work with JHG to proactively manage greenhouse emission with all relevant documents relating to the embodied carbon of the products and services provided, if they pose a significant risk to the environment provided, either in the form of an LCA, Environmental Product Declaration (EPD) or carbon analysis and provide any relevant data so we can assess the impact of the product or service. This will be determined in relation to the scale of the carbon impact of the product or service. We would also expect to be kept updated on any carbon savings or losses associated with any changes in the manufacturing process of the product or service.
 - We encourage suppliers and subcontractors to take all reasonable steps to minimise waste, reduce packaging and give preference to materials and products with the greatest reused or recycled content and provide documented evidence to JHG.
 - Suppliers and sub-contractors should minimise the use of packaging and, wherever feasible, it should be made from materials that can be reused, recycled, or recovered.
 - Suppliers will be required to take back any durable packaging deemed excess or noncompliant at their own expense.
 - Suppliers of recycled aggregate must be in full compliance of the duty of care requirements of the Waste Management Regulations or the WRAP Quality Protocol. Delivery documentation shall state that the product was produced under a quality protocol.
 - Sub-contractors are expected to contribute to JHG’s project/site waste management plan (WMP) and identify potential waste streams that could arise during the works, along with estimated total quantities of each waste type that will be produced and their planned disposal route.
 - Suppliers and Subcontractors will be expected to demonstrate a ‘duty of care’ refers to “The Waste (England and Wales) Regulations 2011 applies waste duty of care requirements for anyone handling, transporting, storing and dealing with controlled waste” on behalf of JHG.

Process

- Suppliers will be actively encouraged and expected to foster an ethos of continuous improvement within their organisation in terms of quality, sustainability, ethics, and environmental impact
- Where warranted (e.g. by criticality, risk, spend or volume) appropriate supplier performance measurement and review processes will be implemented, with the measures and their findings being transparent both with our organisation and to the supplier
- In addition to the total purchase and life-cycle costs, we should aim where possible to reduce the administrative cost of acquiring and owning goods and services
- Supplier Quality Assurance activities may take place within our supply chain as identified by our risk management processes

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- Opportunities to structurally change the supply pipeline should be explored where this yields benefits, e.g. vertical integration/vendor managed inventory/ consignment stock etc.

Planet

- We expect all suppliers to comply with relevant law pertaining to the environment and conduct in an environmentally responsible way
 - We encourage suppliers to work with JHG to proactively manage and reduce our environmental impact.
 - We expect all suppliers to adopt policies and mechanisms that minimises the use of natural resources and impact on natural systems.
 - We will work to reduce the key environmental impacts of our operations and work with suppliers and sub-contractors to minimise and manage these impacts while ensuring legal compliance.
 - We will actively measure and manage our Scope 1 and Scope 2 Green House Gas (GHG) emissions while taking all reasonable actions to reduce the scope 3 GHG emissions and quantify embodied carbon emission of key materials.
 - We will reduce impact on air quality by controlling dust and harmful emission.
 - We will minimise waste and use of materials and give preference to materials, products, and services with greatest circular-economy benefits.
- We will, where possible, prefer to purchase goods and services that can demonstrate a lower overall (life cycle) environmental impact

Suppliers of Timber and Timber Products.

- Suppliers and Subcontractors must ensure that all the timber and timber products they use (including paper and packaging) is legally and sustainably sourced and provide documented evidence to JHG. This includes products that are not for resale and composites, such as furniture, office fittings and office supplies.
 - JHG will only accept procurement and use of timber and timber products from independently verified legal and sustainable sources which meet the requirements of the EU Timber Regulation. They should be certified under the Forest Stewardship Council (“FSC”), Programme for the Endorsement of Forest Certification (“PEFC”) or the forest of origin should be licensed by the EU Forest Law Enforcement Governance and Trade (“FLEGT”) scheme.
 - In addition, a copy of the supplier’s current Chain of Custody (COC) certificate number relating to the material supplied must be provided on delivery documentation.
 - All treated timber supplied must have a certificate of treatment supplied and issued to the site at the time of delivery in accordance with ISPM 15 regulations.
- We aim to develop strong relationships with suppliers who are in a good position to work together with us on a long-term basis, and can uphold and further our reputation as a leader in sustainable sourcing practices
 - Purchasing activity will have due regard for the needs and sensitivities of the community in which it is located (especially but not solely in terms of environmental and amenity impact)

Passion

- We will use our external network to bring innovation from our supply chain into the business to fuel our thirst for product development
- We have a strong preference to work with suppliers who share our values and principles, and who will help to maintain and enhance our reputation
- We will value those suppliers who have a strong ethos of creativity and inventiveness, and help us to keep our element of uniqueness

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Application

It is recognised that in some areas of the business gaps may exist between aspects of this Policy and the present situation; however, each buying area will be expected to have a good understanding of where their purchasing practices and supply base fit against the Policy, and to have a plan in place to reach compliance where there are gaps identified.

Notwithstanding the above, this policy should not be regarded as being optional or aspirational. Each person involved in purchasing activities on behalf of the business is responsible and accountable for operating within this policy and should be able to readily demonstrate how it is being applied.

Appendix A – Acceptable Business Conduct

All employees engaged in any aspect of purchasing on behalf of the John Henry Group are either directly or indirectly representing our business to external stakeholders. Accordingly, they have a personal responsibility to uphold reputation of the organisation by:

- Maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside this organisation
- Rejecting any business practice which might reasonably be deemed improper
- Never using their position for personal gain – ensuring adherence to the guidelines on business entertainment and corporate gifts, and not allowing such to influence a business decision
- Declaring any personal interest which may, or may appear, to affect impartiality and decision making
- Complying with all commitments made on behalf of the company, whether explicitly stated in formal agreements or implicitly inferred through other communications
- Showing respect for others and fairness to all suppliers & colleagues
- Respecting the confidentiality of any information received
- Maintaining open and honest communication with suppliers and colleagues