

# Spirax-Sarco Engineering plc



## SUPPLIER SUSTAINABILITY CODE

### INTRODUCTION

This Supplier Sustainability Code is for Spirax-Sarco Engineering's Suppliers and Contractors (hereinafter referred to as "Suppliers").

Spirax-Sarco Engineering plc (hereinafter referred to as "Spirax-Sarco") comprises three businesses: Steam Specialties, including Spirax Sarco and Gestra; Watson-Marlow Fluid Technology Solutions and Electric Thermal Solutions, including Chromalox and Thermocoax.

Sustainability is an integral part of Spirax-Sarco's Group-wide One Planet: Engineering with Purpose sustainability strategy. Spirax-Sarco is committed to acquiring products and services from suppliers that share our commitment to quality, innovation, customer satisfaction, value for money, regulatory compliance and sustainability (including both social and environmental protection). Spirax-Sarco upholds the highest standards of business conduct and ethics and expects our suppliers to hold the same standards of business conduct that we set for ourselves.

The One Planet strategy is focused on addressing climate change and environmental damage, working with our suppliers to ensure our supply chains are as sustainable as possible, providing products and services that enhance customers' sustainability and have lower life cycle impacts, and engaging with our local communities to support well-being and address global sustainability challenges.

This Supplier Sustainability Code represents the minimum standard that we ask our Suppliers and their sub-tier Suppliers to adhere to when conducting business with Spirax-Sarco. Spirax-Sarco requests its Suppliers to take part in this critical initiative by committing to the principles in this Supplier Sustainability Code.

## SCOPE

This code is applicable to the Suppliers with whom Spirax-Sarco does business, including their parent, subsidiary or affiliate entities, their employees (including permanent, temporary, contract agency and migrant workers), their suppliers and other third-parties with whom they conduct business. It is the responsibility of the Supplier to disseminate this information, to educate all relevant parties, and to exercise diligence in verifying compliance with this Code by the Supplier's affiliate entities, employees, suppliers, agents, sub-tier suppliers, and all other third-parties with whom it does business. We encourage Suppliers to establish their own supply chain due diligence programmes based on principles as set out in this Supplier Sustainability Code.

## SUSTAINABLE PRINCIPLES, PRACTICES & POLICIES

Suppliers should at least be compliant with the following:

1. United Nations Universal Declaration of Human Rights;
2. The 10 principles of the United Nations Global Compact;
3. The International Labour Organisations Fundamental Conventions;
4. The Guiding Principles of the Organisation for Economic Co-operation and Development (OECD);
5. The Core Conventions of the International Labour Organisation (ILO);
6. The rules of conduct of the International Chamber of Commerce (ICC);
7. The UK Bribery Act 2010;
8. The US Foreign and Corrupt Practices Act;
9. The UK Modern Slavery Act 2015;
10. The US Frank-Dodd Act (Conflict Minerals);
11. European Regulation (1907/2006/EC) Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH); and
12. Any other relevant international convention and national and local regulations applicable to their activities in the country(ies) in which they operate. For example, we would expect US based suppliers to comply fully with all applicable legislation including US Federal Acquisition (FAR) final ruling on Combating Trafficking in Persons (52.222-50).

If the standards detailed by Spirax-Sarco in this Supplier Sustainability Code are more demanding than international conventions and regulations, then the standards in this Code will take precedence.

Throughout the Supplier Sustainability Code we have differentiated between our minimum expectations and standards, requiring compliance by Suppliers, and our aspirational expectations. Our minimum expectations and standards are worded "we expect". Our aspirational expectations are worded "we encourage".

## 1. HUMAN RIGHTS

We expect:

- Elimination of child labour: Suppliers shall not employ persons not having reached the minimum age required for work in the relevant jurisdiction and shall never support the use of child labour, except as part of an official government approved educational youth training scheme;
- Elimination of discrimination, harassment and bullying on, but not limited to, the grounds of age, disability, ethnic or racial origins, gender, gender identity or expression, marital or family status, nationality, religion or belief, sexual orientation, or veteran status. This applies to all aspects of employment practice by the Supplier and in relation to the treatment of customers, suppliers and wider stakeholders;
- Compliance with applicable laws and regulations related to maximum working hours, minimum days of rest and safe working conditions;
- Compliance with applicable laws and regulations related to the minimum level of wage;
- Respect for freedom of association and collective bargaining for their employees, in compliance with applicable laws; and
- Compliance with applicable laws and regulations in relation to layoff.

We encourage:

- Transfer from the minimum level of wage to payment of a living wage; and
- Action to improve inclusion, equity, diversity and wellbeing. We encourage our Suppliers to have a documented inclusion and diversity policy/statement, a plan that sets out their commitments and proactive approach to these topics, as well as encouraging positive mental health and wellbeing at work.

We expect that, in addition to the above human rights issues, Suppliers must comply with the following provisions:

### **UK Modern Slavery Act**

Spirax-Sarco, its Suppliers, and all entities and individuals within its supply chain, must comply with the UK's Modern Slavery Act of 2015. Specifically, with respect to the labour practices within its supply chain, we expect Suppliers will ensure, with respect to their own business and that of their own suppliers, that:

- All forms of illegal, forced or compulsory labour, slavery and servitude are eliminated;
- No individual is induced through force, threats, or deception to provide services or benefits of any kind to another or to enable another to acquire benefits of any kind; and

- No individuals or groups are involved in the Trafficking of humans.

Trafficking means: recruiting, transporting, transferring, harbouring, receiving, transferring or exchanging control, or otherwise arranging or facilitating travel of any individual that is travelling with a view to being exploited through any type of forced or compulsory labour or slavery or servitude.

### **US Dodd-Frank Act**

In order to comply with requirements of the Dodd-Frank Act, certain US customers of Spirax-Sarco require Spirax-Sarco to disclose whether the minerals in its products directly or indirectly finance or benefit armed groups who perpetrate human rights abuses. The minerals, also known as “conflict minerals”, subject to these provisions include:

- Columbite-tantalite (coltan);
- Gold;
- Cassiterite;
- Wolframite; and
- Derivative metals of the above minerals.

If Suppliers use any of the above minerals in their products or production, they must determine whether any of those minerals originated from or were processed in any of the following countries:

- Democratic Republic of Congo;
- Rwanda;
- Angola;
- South Sudan;
- Burundi;
- Tanzania;
- Central African Republic;
- Uganda;
- Republic of the Congo; or
- Zambia.

Suppliers must use their best efforts to trace the original sources of supply of these minerals and be prepared to deliver up evidence of their findings. The Supplier is responsible for ensuring these origin disclosure requirements are communicated to their own suppliers and for monitoring their suppliers’ compliance to these requirements.

We expect that where Suppliers use these minerals, the Supplier shall provide Spirax-Sarco, upon request and at least annually, an up-to-date Conflict Mineral Reporting Template (CMRT). We expect Suppliers to provide evidence they are working towards becoming Conflict Mineral free.

## 2. HEALTH AND SAFETY

Suppliers shall ensure that their activities are safe for the health of their employees, their contractors, the local community and the users of their products. Spirax-Sarco expects the Supplier's operating and management systems, as well as the Supplier's employees, to proactively seek to prevent work-related injuries and illnesses. Risks associated with their activity shall be identified, evaluated and either eliminated or mitigated. We expect:

- The Supplier shall have a Health & Safety policy that is approved and signed by a director of the business;
- The Supplier shall provide its employees with a safe and healthy working environment;
- The Supplier's facilities must be constructed and maintained in accordance with the standards set by applicable laws and regulations;
- The Supplier shall be prepared for emergency situations and shall regularly train employees, ensuring adequate availability of employees trained in emergency planning and response, as well as qualified to provide medical first aid;
- The Supplier shall avoid substances dangerous to their employees' health and safety. These include, but are not limited to, Carcinogenic, Mutagenic and Toxic to Reproduction (CMR) substances, as set forth in the EU's Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH);
- All products and services delivered by the Supplier must meet the quality and safety standards required by applicable law;
- Suppliers must comply with all local and in-country Health and Safety regulations; and
- Suppliers shall provide, and actively require the use of, appropriate Personal Protective Equipment (PPE) in accordance with site rules and risk assessment(s).

Spirax-Sarco is working actively to continuously improve the health and safety of people working on all its sites and the sites of its customers. We expect that when performing work at any Spirax-Sarco site, Suppliers follow local site rules and at all times maintain a high standard of occupational health and safety, including, but not limited to, reporting all health and safety concerns and completing risk and method statements for each high-risk activity, that must meet the specific site's safety requirements.

We encourage:

- Suppliers to integrate environmental, health and safety (EHS) criteria into the development of their products and services, in order to eliminate or mitigate negative environmental, health and safety impacts of their products during their total life cycle;
- Suppliers to be certified to ISO45001:2018 (Health & Safety Management), and we will actively select Suppliers with this accreditation; and
- Suppliers to proactively measure, monitor and openly report both leading and lagging EHS indicators and to have clear improvement plans in place.

### 3. QUALITY MANAGEMENT

We expect:

- All direct material Suppliers to be accredited to ISO9001:2015 (Quality Management System) or an agreed equivalent independently accredited alternative (e.g. IATF 16949:2016). This does not apply to sub-contract operations / outside service suppliers such as Heat Treatment, Plating, Painting, Power Coating suppliers. Any Supplier that does not currently have the correct accreditation will be subject to the following grace periods:
  - Existing Suppliers with an annual Spirax-Sarco Group-wide spend >£100k (or equivalent in local currency) shall be granted until 30<sup>th</sup> June 2024 to have full accreditation in place.
  - Existing Suppliers with an annual Spirax-Sarco Group-wide spend >£15k to £100k (or equivalent in local currency) shall be granted until 30<sup>th</sup> June 2028 to have full accreditation in place.
  - All new to Group direct material Suppliers, with an anticipated annual Spirax-Sarco Group-wide spend >£15k (or equivalent in local currency) to have full accreditation in place at point of first order.
  - We expect that Suppliers provide to Spirax-Sarco, upon request and at least annually, a copy of a valid approved certificate.
- Suppliers to have a robust Quality Management System that focusses on products adhering to specifications and a repeatable production process that embeds continuous improvement into the day-to-day activities of the organisation.

### 4. ENVIRONMENTAL SUSTAINABILITY

Suppliers shall implement initiatives that contribute to the preservation of the environment and mitigate their impact on natural resources. Spirax-Sarco requires its Suppliers to comply with all applicable legal environmental requirements and demonstrate continual improvement of their environmental performance. We expect:

- **Environmental Permits and Reporting:** Suppliers shall obtain, keep current and follow the reporting guidelines of all required environmental permits and registrations, and be always legally compliant;
- **Environmental Management:** Suppliers shall document and implement a relevant environmental management system (based on international standards such as ISO 14001:2015), designed to identify, control and mitigate significant environmental impacts;
- **Hazardous Materials:** Suppliers shall identify hazardous materials, chemicals and substances that exist in any aspect of their operations and, where applicable, in their supply chain, and ensure their safe handling, movement, storage, recycling, reuse and disposal. All the applicable laws and regulations related to hazardous materials, chemicals and substances shall be strictly followed. Suppliers shall comply with

material restrictions and product safety requirements set by applicable laws and regulations. Suppliers shall ensure that key employees are aware of and trained in product safety practices;

- Suppliers shall be able to prove that their products comply with the European Directive Restriction of Hazardous Substances (RoHS II) (2011/65/EU);
- Suppliers shall advise Spirax-Sarco, in writing, if they have any Substances of Very High Concern (SVHC) in their product(s) in accordance with the European Regulation (1907/2006/EC) Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH);
- **Natural Resources:** Suppliers shall minimise their consumption of natural resources, including energy and water. Suppliers shall implement and demonstrate sound measures to prevent pollution and minimise generation of solid waste, wastewater and air emissions. Prior to discharge or disposal, the Supplier shall characterise and treat wastewater and solid waste appropriately and according to applicable laws and regulations; and
- **Products:** Suppliers shall promote the development of environmentally friendly technologies (where applicable) as well as energy saving and recycling solutions, whilst also implementing logistics strategies that minimise environmental impact.

We encourage:

- **Biodiversity:** Suppliers are encouraged to protect and restore biodiversity. Spirax-Sarco has committed to ensuring that any new facilities deliver a 10% biodiversity net gain, and to delivering a biodiversity offset equivalent to 5x its direct operational footprint by 2025. We encourage suppliers to make similar commitments;
- Suppliers to be certified to ISO14001:2015 (Environmental Standard), ISO50001:2018 (Energy Management) and ISO20400:2017 (Sustainable Procurement) and we will actively select those with these accreditation(s);
- Suppliers to have active programmes to eliminate the use of single-use and non-recyclable or biodegradable plastics including in all logistics operations, to maximise recycling and reuse opportunities, and plan a zero-waste to landfill solution;
- Suppliers should record and report energy usage, water usage and waste to landfill and should plan reductions in usage; and
- **Carbon neutrality:** In line with Spirax-Sarco's commitments to developing a net zero supply chain, Suppliers are actively encouraged to:
  - measure and report their Scope 1&2 Greenhouse Gas (GHG) Emissions;
  - report logistics data on all logistics operations within their remit, including weight, transportation mode and frequency of transportation;
  - actively reduce their emissions by increasing use of recycled materials in production; moving onto certified Green Energy Contracts by transferring away from coal, oil and gas energy sources;
  - measure and report their Scope 3 Greenhouse Gas (GHG) Emissions;
  - commit to the "Race to Zero" and plan a net zero carbon supply chain.

## 5. ETHICS

Suppliers shall strictly comply with all applicable ethical trade laws and regulations related to their activities and business environment and, with Spirax-Sarco, commit to international conventions. We expect:

- **Competition:** Suppliers shall be compliant with all applicable laws and regulations related to fair competition;
- **Corruption / Anti-bribery:** That Suppliers must never, directly or through intermediaries, offer or promise any personal or improper advantage in order to obtain or retain a business or other advantage from a third party, whether public or private. Suppliers will not pay or accept bribes, arrange or accept kickbacks and shall not take any actions to violate, or cause their business partners to violate, any applicable anti-bribery laws and regulations including the U.S. Foreign Corrupt Practices and the UK Bribery Acts;
- **Money Laundering:** Suppliers shall be compliant with all laws related to money laundering. Spirax-Sarco's Suppliers shall not be involved in, or support money laundering practices;
- **Conflicts of Interest:** Suppliers shall report to Spirax-Sarco any situation that may appear as a conflict of interest, and disclose to Spirax-Sarco if any Spirax-Sarco employee or professional under contract with Spirax-Sarco may have an interest of any kind in the supplier's business or economic ties with the Supplier;
- **Gifts & Hospitality:** Suppliers shall refrain from offering gifts and hospitality to Spirax-Sarco's employees. Spirax-Sarco will refuse all gifts and hospitality that are not reasonable, modest and of symbolic value only;
- **Grievance mechanisms:** Suppliers shall have systems in place enabling anonymous grievances, reporting and management. A designated officer shall monitor the grievance mechanism, keep records on the issues raised and take appropriate actions in a confidential manner;
- **Records:** Suppliers shall maintain transparent and up-to-date records to demonstrate compliance with applicable materials, services, governmental and industry regulations and shall make available such records to Spirax-Sarco upon request; and
- **Origin:** Suppliers shall be capable of disclosing all the potential sources of primary origins (country of origin) associated with deliveries made. Spirax-Sarco reserves the right to ask the Supplier to create, at a point in time, full supply chain mapping back to origin to facilitate assessment of supply chain compliance.

We encourage:

- **Community Engagement:** Suppliers are encouraged to engage in Community Engagement projects within the communities in which they operate, such as supporting local charities, engaging in local projects such as schools building or educational support and encouraging employees to participate in volunteering.



## IMPLEMENTATION AND ACKNOWLEDGEMENT

This Supplier Sustainability Code is an integral part of any contract between Spirax-Sarco and its Suppliers. The Supplier is responsible to inform Spirax-Sarco of anything that could affect their compliance with this document.

Spirax-Sarco requires its Suppliers to hereby represent, warrant and covenant to cascade the principles contained in this Supplier Sustainability Code to their own Suppliers and Contractors and to implement a similar continuous improvement and compliance approach.

By adhering to this Supplier Sustainability Code, each Supplier of Spirax-Sarco accepts to be assessed or audited by Spirax-Sarco regarding compliance to this Supplier Sustainability Code.

Spirax-Sarco is committed to building long-term sustainable relationships with its Suppliers in a continuous improvement methodology. Therefore, where necessary, we will work with our Suppliers to define and implement action plans aimed at improving Suppliers' performance. Suppliers shall freely determine their improvement action plans to increase their performance in the field of sustainable development.

I HEREBY ACKNOWLEDGE that I am an authorised representative of the company referenced below, have reviewed and understood the substance of the above document, and confirm that this company is in full compliance with Spirax-Sarco's Supplier Sustainability Code.

Supplier Company Name: \_\_\_\_\_

Supplier Company Number: \_\_\_\_\_

Supplier Legally Registered Address: \_\_\_\_\_

Supplier Representative Name (BLOCK CAPITALS): \_\_\_\_\_

Title of Supplier Representative (BLOCK CAPITALS): \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Company Stamp (if applicable): \_\_\_\_\_

Original copy to be signed and sent back to the relevant Spirax Sarco sourcing or procurement representative.

This document is valid for a period of 5 years from date of signature.