

Supplier Code of Conduct

FOR SUPPLIERS, CONTRACTORS AND SUB-CONTRACTORS



The UK's leading turn-key
independent ship repairer & marine
engineering services provider

SMS
GROUP

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Introduction

At the SMS Group, corporate responsibility is key to our long-term success. The SMS Group is committed to promoting its core values in respect of human rights, labour, environmental and anti-corruption practices. The SMS Group is determined to ensure the highest standards of responsibility throughout its operations, including its supply chain.

The SMS Group expects full compliance from its suppliers regarding adherence to all applicable laws and regulations of the countries in which operations are managed or services provided. Wherever suppliers are located, all business shall be conducted in a manner compatible with this Supplier Code of Conduct. Suppliers are also expected to cascade these principles through their own supply chain.

In addition, the SMS Group Code of Conduct encourages suppliers to go beyond legal compliance, drawing upon internationally recognised standards, in order to advance in social, environmental responsibility and business ethics.

1.0 Compliance with Laws

Suppliers shall comply with all applicable laws and regulations of the countries in which operations are managed or services provided.

2.0 Human Rights

Suppliers are expected to treat people with respect and dignity, encourage diversity, remain receptive to diverse opinions, promote equal opportunity for all, and foster an inclusive and ethical culture, in accordance with the relevant International Labour Organisation (ILO) conventions.

2.1 *Child Labour*

Suppliers must ensure that illegal child labour is not used in the performance of work. The term “child” refers to any person under the minimum legal age for employment where the work is performed provided the legal age is consistent with the minimum working ages defined by the International Labour Organisation (ILO).

2.2 *Human Trafficking, including Forced or Indentured Labour*

Suppliers must adhere to regulations prohibiting human trafficking and comply with all applicable local laws in the country or countries in which they operate. Suppliers must refrain from violating the rights of others and address any adverse human rights impacts of their operations.

3.0 Employment Practices

3.1 Harassment

Suppliers are expected to ensure that their employees are afforded an employment environment that is free from physical, psychological, and verbal harassment, or other abusive conduct.

3.2 Non-Discrimination

Suppliers are expected to provide equal employment opportunity to employees and applicants for employment without discrimination.

3.3 Wage and Benefits

Suppliers must pay workers at least the minimum compensation required by local law and provide all legally mandated benefits. In addition to payment for regular hours of work, workers must be paid for overtime at such premium rate as is legally required or, in those countries where such laws do not exist, at least equal to their regular hourly payment rate. Deduction from wages as a disciplinary measure should not be permitted.

3.4 Social Dialogue

Suppliers are expected to respect the rights of workers to associate freely and communicate openly with management regarding working conditions without fear of harassment, intimidation, penalty, interference or reprisal. Suppliers are also expected to recognise and respect any rights of workers to exercise lawful rights of free association, including joining or not joining any association of their choosing.

4.0 Anti-Corruption

4.1 Anti-Corruption Laws

Suppliers must comply with the anti-corruption laws, directives and regulations that govern operations in the countries in which they do business.

Suppliers are required to refrain from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. This includes a prohibition on facilitating payments intended to expedite or secure performance of a routine governmental action like obtaining a visa or customs clearance, even in locations where such activity may not violate local law. Personal safety payments are permitted where there is an imminent threat to health or safety.

Suppliers are expected to exert reasonable due diligence to prevent and detect corruption in all business arrangements, including partnerships, joint ventures, offset agreements, and the hiring of intermediaries such as agents or consultants.

4.2 *Illegal Payments*

Suppliers must not offer any illegal payments to, or receive any illegal payments from, any customer, supplier, their agents, representatives or others. The receipt, payment, and/or promise of sums of money or anything of value, directly or indirectly, intended to exert undue influence or improper advantage is prohibited. This prohibition applies even in locations where such activity may not violate local law.

4.3 *Fraud and Deception*

Suppliers must not seek to gain any advantage of any kind by acting fraudulently, deceiving people or making false claims, or allow anyone else to do so. This includes defrauding or stealing from the company, a customer or any third party, and any kind of misappropriation of property.

4.4 *Competition and Anti-Trust*

Suppliers must not fix prices or rig bids with their competitors. They must not exchange current, recent, or future pricing information with competitors. Suppliers must refrain from participating in a cartel.

4.5 *Gifts/Business Courtesies*

Suppliers are expected to compete on the merits of their products and services. The exchange of business courtesies may not be used to gain an unfair competitive advantage. In any business relationship, suppliers must ensure that the offering or receipt of any gift or business courtesy is permitted by law and regulation, and that these exchanges do not violate the rules and standards of the recipient's organisation and are consistent with reasonable marketplace customs and practices.

4.6 *Insider Trading*

Suppliers and their personnel must not use any material or non-publicly disclosed information obtained in the course of their business relationship with the SMS Group as the basis for trading or for enabling others to trade in the stock or securities of any company.

5.0 **Conflict of Interest**

Suppliers are expected to avoid all conflicts of interest or situations giving the appearance of a potential conflict of interest. Suppliers are expected to provide notification to all affected parties in the event that an actual or potential conflict of interest arises.

This includes a conflict between the interests of the SMS Group and personal interests or those of close relatives, friends or associates.

6.0 Maintenance of Accurate Records

Suppliers are expected to create accurate records, and not alter any record entry to conceal or misrepresent the underlying transaction represented by it. All records, regardless of format, made or received as evidence of a business transaction must fully and accurately represent the transaction or event being documented. Records should be retained based on the applicable retention requirements.

7.0 Information Protection

7.1 Confidential Proprietary Information

Suppliers shall properly handle sensitive information, including confidential, proprietary, and personal information. Information should not be used for any purpose (e.g. advertisement, publicity, and the like) other than the business purpose for which it was provided, unless there is prior authorisation from the owner of the information.

7.2 Intellectual Property

Suppliers must comply with all the applicable laws governing intellectual property rights assertions, including protection against disclosure, patents, copyrights, and trademarks.

7.3 Information Security

Suppliers must protect the confidential and proprietary information of others, including personal information, from unauthorised access, destruction, use, modification and disclosure, through appropriate physical and electronic security procedures. Suppliers must comply with applicable data privacy laws.

8.0 Safety, Health and Environment (SHE)

Suppliers are expected to establish an appropriate management system for Safety, Health and Environment. Suppliers are further expected to operate in a manner that actively manages risk, conserves natural resources and protects the environment in the communities within which they operate. Suppliers should protect the safety, health and welfare of their employees, contractors, visitors and others who may be affected by their activities and must at all times work within the requirements of the SMS Group 'Safety, Health and Environment (SHE) Code of Practice for Contractors and Subcontractors' when fulfilling onsite works.

Finally, as stated in Section 1.0 “Compliance with Laws” of this Code, suppliers shall comply with all applicable safety, health and environmental workplace laws and regulations.

9.0 Global Trade Compliance

9.1 Import

Suppliers must ensure that their business practices are in accordance with all applicable laws, directives and regulations governing the import of parts, components, and technical data.

9.2 Export

Suppliers must ensure that their business practices are in accordance with all applicable laws, directives and regulations governing the export of parts, components, and technical data. Suppliers shall provide truthful and accurate information and obtain export licenses and/or consents where necessary.

9.3 Responsible Sourcing of Minerals

Suppliers must comply with applicable laws and regulations regarding conflict minerals which include tin, tungsten, tantalum and gold. Additionally, suppliers should establish a policy to reasonably assure that the tin, tungsten, tantalum and gold which may be contained in the products they manufacture do not directly or indirectly finance or benefit armed groups that are perpetrators of human rights abuses. Suppliers should exercise, as may be directed by law, due diligence on the source and chain of custody of these minerals and therefore at a minimum require the same from their next tier suppliers.

9.4 Counterfeit Parts

Suppliers are expected to develop, implement, and maintain effective methods and processes appropriate to their products to minimize the risk of introducing counterfeit parts and materials into deliverable products. In addition, suppliers shall provide notification to recipients of counterfeit product(s) when warranted and exclude them from the delivered product.

10.0 Ethics Expectations

10.1 Whistle Blower Protection

Suppliers are expected to provide their employees with avenues for raising legal or ethical issues or concerns without fear of retaliation. Suppliers are also expected to take action to prevent, detect, and correct any retaliatory actions.

10.2 *Consequences for Violating the Code*

In the event that the expectations of this Code are not met, the business relationship may be reviewed and corrective action pursued subject to the terms of the related procurement contract(s).

10.3 *Ethics Policies*

Commensurate with the size and nature of their business, suppliers are expected to establish management systems to support compliance with laws and regulations, as well as the expectations expressed within this Supplier Code of Conduct. Suppliers are encouraged to implement their own written code of conduct and to flow down their principles to the entities that furnish them with goods and services. The SMS Group expects its suppliers to maintain effective systems to encourage their employees to make ethical, values driven choices in their business dealings - beyond compliance with laws, regulations and contract requirements.

