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# SUPPLY CHAIN SUSTAINABILITY PLAN

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**Version Control**

Version	Date	Change	By Whom-Position
01	April 2018	Initial release	Chris Langley WHSE Manager
02	April 2020	Updated to include safety and environmental checks when purchasing equipment	Ben Cook – National WHSE Manager
03	April 2023	Updated to include Modern Slavery reference	Ben Cook – National WHSE Manager
04	April 2024	Reviewed	Ben Cook – National WHSE Manager

## 1. Introduction

Higgins Coatings Pty Ltd is totally committed to delivering services to our customers in meeting the highest standards of Work Health and Safety (WHS), Quality, Environment and Sustainability.

The procurement of products and services purchased, hired leased or divested by Higgins Coatings must meet Higgins Coatings procurement and sustainability policy and procedures documented throughout this plan.

## 2. Purpose

This Policy outlines the obligations to ensure consistent procurement practices across Higgins Coatings and defines our approach to purchasing. The procurement of goods, services and capital projects account for a significant percentage of Higgins Coatings' expenditure. Higgins Coatings recognises the impact its purchasing activities have on the financial, social and environmental health of Higgins Coatings and the broader community. The purpose of this policy is to establish a more strategic approach to procurement involving greater management and oversight, and better coordination and integration of activity across Higgins Coatings.

This Policy establishes the directions that must be implemented relating to the procurement of goods and services by Higgins Coatings. Higgins Coatings is required to implement and maintain an effective internal control framework over procurement activities.

## 3. Reference Documents

- IMS-MAN-001 Integrated Management System manual
- IMS-PRO-014 Purchasing and procurement Procedure
- IMS-PRO-049 Waste Management and Recycling Procedure
- IMS-PRO-045 Methods of Disposal of Empty Containers and Excess Paint Procedure
- IMS-PRO-042 Land Management Procedure
- IMS-POL-003 Environment Policy
- AS/NZS ISO 9001:2016 Quality Management System
- AS/NZS ISO 14001:2016 Environmental Management System
  
- Modern Slavey Act 2018

## 4. Procurement policy

### Purpose

Higgins Coatings Pty Ltd (Higgins) Procurement Policy outlines the obligations to ensure consistent procurement practices across the business and defines our approach to purchasing.

The procurement of goods, services account for a significant percentage of Higgins Coatings expenditure. Higgins Coatings recognises the impact its purchasing activities have on the financial, social and environmental health of the business and the broader community. The purpose of this policy is to establish a more strategic approach to procurement involving greater management and oversight, and better coordination and integration of activity across the business.

This Policy establishes the directions that must be implemented relating to the procurement of goods and services by Higgins Coatings.

Higgins Coatings is required to implement and maintain an effective internal control framework over procurement activities.

### Scope

This Policy applies to the acquisition of all goods and services by Higgins Coatings staff, employees or contractors either purchased or hired or leased from vendors, for and on behalf of Higgins Coatings.

### Policy Implementation

Sustainable outcomes will be achieved through the adoption of a systematic process of engaging suppliers and service providers through the IMS that directly reflect the social and environmental responsibilities of Higgins to existing customers, potential customers and other authorities. This policy will be achieved through the unified approach of all employee and contractors within the company who are individually responsible for the quality of their work, resulting in a continually improving standard of quality throughout the company.

To achieve and maintain the required quality standards the CEO retains responsibility for the IMS with the development and running of the systems controlled by the National Operations Manager. Higgins will continually develop and enforce policies, procedures and practices in line with the Quality Standard ISO 9001.

### Objectives

The objectives of the Procurement policy:

- a) To ensure due diligence when engaging service providers to meet this policy
- b) To ensure product and service providers act responsibility in sourcing products materials and services to avoid pollution and impact on their carbon footprint;
- c) Monitor and review suppliers and contractors in the supply chain to maintain compliance with this policy

## 5. Sustainable procurement

Higgins Coatings is committed to adopting a Green Procurement approach by supporting the principles of sustainable Procurement within the context of purchasing on a Value for Money basis. This includes consideration of environmental and safety factors during the life cycle when buying or hiring machinery, equipment and consumable. Factors to consider include: correct guarding on equipment and tools, weight of products to reduce manual handling issues, appropriate noise controls on equipment, waste minimization and ability to recycle, and sourcing green alternatives to hazardous substances.

Higgins Coatings encourages the purchase of environmentally preferable and socially responsible products through applying the price preference of 10% in line with the procurement budgets for each division and region

Value for Money purchasing decisions made by the Council are made on the basis of cost and non-cost factors including contribution to Higgins Coatings sustainability objectives.

Higgins Coatings will therefore Reduce, Reuse, and Recycle.

Higgins Coatings is committed to reduce resources, consumption and minimise waste during the procurement cycle including:

- Encourage and prefer Eco-friendly products which are more power efficient such as lighting, electrical appliances (paint sprayers, pressure washers)
- Preference purchasing from a source which is less polluting or uses clean technology

Higgins Coatings procurement projects should automatically consider the provision of re-use and recycling as part of any project planning process, including the consideration of whole-life costs and disposal considerations.

### **Buy Recycled:**

Higgins Coatings is committed to buy recycled/part recycled products to optimise consumption and stimulate demand for recycled products, promoting the collection and reprocessing of waste and working towards zero discharge to the landfill.

### **Green the Supply Chain:**

Higgins Coatings shall encourage suppliers to adopt good environmental practices. Higgins Coatings will actively promote green procurement throughout its supply chain and ensure selection which has minimum environmental impact, balancing this against value for money.

### **Other Safety and other Environmental Factors to be Considered**

When purchasing new equipment, materials or services, manager will consider not only the above factors, but also consult with the National WHSE Manager to review and assess the safety and environmental aspects of the purchase. This will include ensuring that Safety and Environmental legislation and ISO, AS/NZ Standards are adhered to and considered.

Examples of the factors considered are noise minimisation, weight of items for lifting, size of items for transportation and storage, ease of cleaning, maintenance requirements, product minimises waste, degree of hazardous substances in the product, such as purchasing low VOC products.

## 6. Diversity

Higgins Coatings recognises promotion of equality through procurement can improve competition, Value for Money, the quality of services, satisfaction among users, and community relations. It should be a consideration in every procurement project and reflect corporate commitment to diversity and equal opportunities wherever possible.

## 7. Support of Local Business

Higgins Coatings has adopted a strategy to enhance each locality in which it operates to provide economic viability through the efficient use of community resources.

The overriding principle of procurement activity remains achieving best value for money. In this context, however there are positive actions that can be taken to provide opportunities for local businesses and support the locations economy.

## 8. Apply a Consistent and Standard Approach

Higgins Coatings will provide effective and efficient commercial arrangements for the requisition of goods and services.

## 9. Build and Maintain Supply Relationships

Higgins Coatings recognises that in order to achieve sustainable value, appropriate relationships must be developed and maintained with suppliers and that it seeks to operate with 'informed choice' on what supply strategy it adopts

## 10. Modern Slavery Compliance

Higgins Coatings will also comply with the Modern Slavery Act (2018) requirements. This will include developing an annual Modern Slavery statement and relevant action plans. These actions will include regular review and audits of key suppliers to ensure they comply with Modern Slavery legislation.

## 11. Auditing

### Internal Audits

As part of continuous improvement processes and due diligence, audits of Higgins Coatings procurement processes shall be conducted at regular intervals. Audits can be conducted by any responsible person such as a Project Manager, Branch Manager or visiting Head Office Manager.

An appropriate audit tool shall be used to benchmark the procurement process against any relevant standards or regulations specific to the works being conducted. The **Procurement Inspection Audit Tool (HC-008)** will be used for all internal audits conducted.

The results of any audit shall be communicated to the site personnel and in particular the procurement contract manager and any non-conformances addressed at the time of the audit.

Should any non-conformances have a potential impact on the sustainability of the supply chain, the contract Manager shall make contact with the supplier to communicate the non-conformance and any impacts. Corrective actions will be entered into HOW Incident and responsible persons allocated prioritised tasks for rectification.

### Contractor/supplier Reviews

The Operations Managers are required as part of their role and responsibilities to conduct quarterly reviews of each service provider, contractor and supplier.

The key criteria reviewed;

- Material /product origin and percentage of local content including packing and labour used
- Price
- Service options
- Safety and environmental performance over past 2 years

### External Audits

The intention of the Supply chain sustainability plan is to be meet or exceed the various commonwealth state, local government and stakeholders (including clients) standards. Should a key stakeholder require Higgins Coatings to participate in a third-party audit, contact with the Higgins Coatings procurement/contract manager should be conducted.

## 12. Managing and monitoring Supplier performance

Higgins Coatings will manage and monitor Supplier performance where there is high relative expenditure and/or difficulty in securing supply or where the supply is part of an agreed tender.

By managing and monitoring Supplier performance, Higgins Coatings will aim to:

- reduce transaction costs and vendor volume;
- contribute to effective risk management by compiling a risk profile of vendors;
- build cooperative relationships with Suppliers and therefore improve Supplier and purchaser performance;
- assist in developing Supplier capability (e.g. ability to meet delivery of painting/building projects); and
- seek to ensure that Higgins Coatings continues to get value from the Supplier's performance.

Before establishing a supplier agreement or contract, Higgins Coatings will:

- develop a robust specification that properly analyses its needs and clearly defines the outcomes desired for the purchase including any necessary milestones;
- identify the contract manager;
- establish key performance indicators (KPIs) for the purchase, where required;
- refer to past Supplier performance records; and
- develop a contract, seeking input from the successful offeror (where appropriate) on periodic contract reviews, monitoring procedures and measurement of performance against appropriate KPIs.

During the period of the contract, Higgins Coatings' responsible contract manager will:

- regularly check the Supplier's progress to ensure that contractual obligations are being met, and provide feedback as required;
- keep adequate, written records of all dealings with the Supplier and of the administration of the contract; and
- provide necessary feedback to the Supplier regarding contract performance.



When a contract has been completed the responsible contract manager will initiate and, if required, assist the Contract Manager to:

- evaluate Supplier performance against outcomes, KPIs and/or milestones;
- provide feedback to the Supplier on performance, if requested; and
- update records of Supplier performance for future reference.

## 13. Sustainability Training

To comply with relevant legislation, Higgins Coatings provides training to its employees and monitor competencies of contractors to ensure that purchasing, procurement or provision of services is conducted in a sustainable manner.

A Training Needs Analysis (TNA) and accompanying Training Register has been conducted to identify the appropriate training required for each person's role and responsibility.

Specifically, for sustainability, the following modules of training are provided;

- General Higgins Induction
- Environmental awareness
- Waste management
- Supply chain management
- Sustainability awareness training
- Purchasing procedure
- Contractor /supplier management