

Procurement Policy Guide

Introduction

The Procurement Policy Guide outlines strategies and procedures to support fair, inclusive and transparent procurement processes, the goal of which is to minimise waste, fraud, and abuse while also ensuring that the process is fair and transparent. This applies to both Smarta Water and Smarta Energy operations.

Purpose

To ensure that all procurement activities are conducted in a manner that is sustainable, and ethical, and delivers value to Smarta Energy and Smarta Water.

To comply with the Prompt Payment Code (PPC) to ensure that suppliers are paid promptly and fairly.

To align procurement practices with our commitment to social, environmental, and economic goals.

Scope

Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. It is a much broader term than 'purchasing'.

The process spans the whole cycle from the identification of needs through to the end of a service contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision that may result in the provision of services in-house.

All procurement of goods, works and services is based on value for money, having due regard to propriety, regularity and our legal obligations.

This policy applies to all procurement activities undertaken by Smarta Energy and Smarta Water, including the acquisition of goods, services, and contracts. It governs interactions with suppliers, contractors, and stakeholders engaged in procurement.

Principles of Procurement

Value for Money: Achieve the best balance between cost, quality, and sustainability in all procurement activities. To secure value for money and to ensure the fair distribution of contracts to potential suppliers we procure goods and services in the most competitive and equitable way possible.

Transparency and Fairness: Ensure openness, fairness, and integrity in all procurement processes, fostering competitive and equitable opportunities for suppliers.

Sustainability: Focus on reducing environmental impact through sustainable procurement practices.

Social Value: Engage suppliers who can deliver social value, with a focus on local communities and alignment with regional needs.

Prompt Payment: Uphold the principles of the PPC by paying suppliers on time, adhering to agreed terms, and resolving payment issues quickly.

Compliance with the Prompt Payment Code (PPC)

Timely Payments: Commit to paying 95% of supplier invoices within 30 days and ensure all suppliers are paid on time as per the agreed terms.

Transparent Payment Practices: Maintain clear and open communication with suppliers regarding payment schedules and terms.

Issue Resolution: Address and resolve payment disputes promptly to maintain trust and collaboration with our supply chain.

Sustainability Commitment

Carbon Reduction: Prioritise suppliers who align with our goals to reduce Scope 1, 2, and 3 carbon emissions, focusing on suppliers with proven sustainability initiatives.

Environmental Standards: Engage suppliers with ISO 14001 certification or equivalent, promoting the use of renewable energy and reducing resource consumption.

Circular Economy: Support suppliers who embrace a circular economy approach by using recycled materials and offering services that reduce waste.

Social Value

Local Economic Support: Give preference to suppliers within local areas to support the local economy, create jobs, and stimulate regional growth.

Diversity and Inclusion: Engage with suppliers who demonstrate commitment to diversity, equality, and inclusion, supporting minority-owned and small businesses.

Community Engagement: Encourage suppliers to participate in local community projects, including partnerships with national organisations such as Resolve Poverty, which can support localised, targeted interventions to alleviate poverty.

Ethical Procurement

Anti-Bribery and Corruption: Maintain zero tolerance for bribery and corruption, requiring suppliers to adhere to our anti-bribery policy.

Labour Standards: Ensure compliance with labour laws, fair wages, and safe working conditions within our supply chain.

Supply Chain Transparency: Require transparency from suppliers regarding their sourcing and ethical practices.

The company is committed to measuring and actively monitoring that modern slavery and human trafficking are not taking place in any parts of its operation within Smarta Water, Smarta Energy and their supply chains.

Supplier Evaluation and Selection

Pre-Qualification: Assess suppliers based on financial stability, sustainability credentials, and ability to deliver social value.

Tender Process: Use a competitive, open and fair tendering process to ensure fairness and value for money, incorporating criteria for sustainability and social impact.

Performance Monitoring: Regularly review supplier performance against agreed terms, including delivery standards, quality, and social and environmental commitments.

Risk Management

Identifying Risks: Proactively identify and assess risks related to supplier performance, ethical practices, and environmental impact.

Mitigating Risks: Develop strategies for mitigating risks, including contingency plans and clear contract terms for addressing issues.

Monitoring and Reporting

Data Collection: Track procurement performance metrics, including supplier spend, local engagement, and adherence to sustainability objectives.

Continuous Improvement: Regularly review and update procurement practices to respond to market conditions, regulatory changes, and feedback.

PPC Compliance Reporting: Report on payment practices to ensure compliance with the Prompt Payment Code and transparency with stakeholders.

Training and Awareness

Provide procurement training for staff to ensure understanding of best practices, sustainability, and PPC requirements. Foster a culture of ethical and sustainable procurement within Smarta Energy and Smarta Water.

Policy Review

This policy shall be reviewed annually to ensure compliance with the PPC, alignment with Smarta Energy and Smarta Water's strategic goals, and adaptation to regulatory requirements.