



# **Babcock's Supplier Code of Conduct**

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# Welcome to Babcock's Supplier Code of Conduct

This responsible sourcing policy outlines the principles and expectations we hold for our suppliers, reflecting our commitment to ethical, responsible, and sustainable business practices. Aligned with global best practices, this details our shared responsibility in creating a transparent, inclusive, and resilient supply chain.

Our suppliers are fundamental to our success, and your commitment is instrumental in upholding the integrity of our operations and values. This Supplier Code of Conduct covers a range of vital topics, from ethical conduct and environmental responsibility to data security and human rights. By adhering to these guidelines, you directly contribute to a positive impact on our shared ecosystem.

We believe that by embracing this Supplier Code of Conduct, we can collaborate with our suppliers in ways that not only enhance our individual businesses but also contribute to a global landscape that is sustainable, fair, and ethical. Our supplier's dedication to these principles is pivotal in achieving our collective aspirations.

To ensure these standards are cascaded throughout Babcock's supply chain, suppliers are expected to hold their suppliers and subcontractors to the standards and practices covered here.

Thank you for being an integral part of our journey towards a brighter, more sustainable future with ethical excellence and responsible business practices. Together, we can build a future that leaves a positive legacy for generations to come.





# Conducting Business

## Ethical Behaviour

We expect suppliers to uphold the highest standards of business ethics. This includes clearly defining ethical requirements for executives, employees, partners and subcontractors while implementing robust governance and monitoring processes. We strive for reciprocal behaviour, supporting improvements and encouraging continual progress. Suppliers must conduct business with the utmost honesty, integrity and ethical standards, avoiding any illegal or unethical practices. They must adhere to this Code of Conduct, which is subject to periodic assessments and audits. The ethical standards outlined must be communicated effectively to all workers and subcontractors.

## Responsible Sourcing of Critical Minerals

Suppliers shall exercise due diligence on relevant materials in their supply chains. They must develop due diligence policies and management systems to identify risks and take steps to mitigate them. Due diligence shall be conducted to the materials processing level to determine whether relevant materials originate from high-risk regions. These high-risk areas include those associated with conflict minerals, child labour, forced labour, human trafficking, gross human rights violations or other illicit activities, including severe health and safety risks and negative environmental impacts.

Suppliers are expected to take proactive steps to determine if their products contain critical minerals, specifically tin, tantalum, gold, tungsten and rare earth minerals. If conflict minerals or rare earth minerals are present, suppliers must implement supply chain due diligence processes to identify the sources of these minerals as sourcing conflict minerals can fuel illegal activities and negative environmental impacts.

To achieve this goal, suppliers should establish comprehensive policies and processes to reasonably assure themselves that the minerals used in their products do not contribute to human rights violations. Suppliers must exercise due diligence on the source and chain of supply of these minerals, adhering to legal requirements and extend these requirements to their next-tier suppliers.

## Compliance

Suppliers are required to comply with all laws, rules, regulations, and treaties applicable to the products and/or services provided to Babcock in all locations in which business operations are conducted. These include, but are not limited to, laws related to anti-bribery, competition, business conduct, environmental standards, occupational health and safety, labour and employment, and any others that are applicable.

This commitment spans the flow-down terms of our purchase orders and contracts and extends to those engaging in cross-border business.

Babcock retains the right to inspect and ensure compliance, requiring prompt corrective action for identified non-compliance. Persistent breaches may lead to termination within local legal boundaries.



# Conducting Business continued

## Anti-Trust & Competition

Adhering to high ethical standards, we promote open competition and integrity. We demand the same commitment from suppliers, disallowing any anti-trust or anti-competitive behaviours. Compliance with relevant laws, such as avoiding price fixing or market allocation, is essential in our shared pursuit of transparent and equitable business environments.

## Anti-Bribery & Corruption

Supplier integrity hinges on resolute avoidance of bribery, corruption, and unethical behaviour. Adherence encompasses strict compliance with UK and international laws, meticulous record-keeping, and avoidance of even an appearance of impropriety. Suppliers are required to ensure similar compliance within your supply chain, with no tolerance for corrupt practices. Immediate reporting of suspicions is expected, as is prompt disclosure of potential conflicts of interest.

This ethical stance extends to facilitation payments, which are unequivocally prohibited under UK law. Corruption's reach encompasses fraud, extortion, collusion, and more. Upholding this commitment is pivotal to safeguarding reputation and sustainable business relationships.

## Community Engagement

Community engagement lies at the core of Babcock's identity. We encourage suppliers to mirror this commitment, emphasising active participation in local initiatives, charitable support, and fostering economic growth. Our community-centric approach acknowledges the reciprocal benefits for customers and shareholders, aligning corporate success with social prosperity and development. We listen to local concerns and address them to the best of our capacity, striving to mitigate any adverse impact. Suppliers are pivotal partners in this endeavour, urged to engage with the communities you operate in, identify avenues for social value creation, promote sustainable practices, and contribute positively to societal development.

## Prompt Payment

Timely payment is our commitment to suppliers, and we urge you to extend the same to your vendors, promoting mutually beneficial relationships. Abiding by payment terms and codes not only strengthens business connections but also bolsters financial resilience in our supply chain ecosystem.

## Fraud Prevention

Babcock expects suppliers to uphold high ethical standards, particularly in preventing and addressing fraud. Suppliers must implement robust governance, monitoring processes, and transparency to detect and prevent fraudulent activities. They should conduct thorough due diligence, report suspicions of fraud immediately, and communicate these standards to workers and subcontractors. These measures are essential to prevent financial losses, reputational damage, legal consequences and operational disruptions.





# Human Rights and Labour Practice

## Human Rights

Wherever we operate worldwide, we strive to respect and uphold the fundamental Human Rights and freedoms of everyone working for or with us, as well as the communities we serve.

Babcock's commitment to human rights, guided by international treaties and the UK's Modern Slavery Act, shapes our supplier expectations. This encompasses domestic and international suppliers, who must grasp and uphold the Act's essence. For breaches, whether under the Modern Slavery Act or other relevant declarations, we are resolute in swift, effective mitigation.

Suppliers are expected to safeguard workers' rights under local laws' and identify, prevent, or mitigate human rights violations in your operations.

# Human Rights and Labour Practice continued

## Forced Labour and Freedom of Movement

We strictly oppose any forced, bonded, or involuntary labour in our supply chain. Suppliers are required to ensure that work is conducted voluntarily, without any form of illegal, forced, or bonded labour, and without any association with human trafficking or involuntary movement of people.

Employees' freedom of movement must not be unreasonably restricted, and they should not be physically confined to employer-operated premises or subject to coercive means that restrict personal freedom. The mandatory residence in employer-operated facilities shall not be imposed as a condition of employment.

Additionally, suppliers must refrain from mandating the surrender of government-issued identification documents, passports, or work permits, as such practices bind workers to employment and restrict their freedom of movement.

No recruitment fees should be charged to workers, including travel or documentation costs. In instances where subcontracting for hiring is necessary, labour agencies must be legitimate and non-exploitative. Clear employment contracts, outlining wages, hours, and conditions, must be provided in workers' language prior to deployment. The use of unfavourable agreements or contract substitution is prohibited.

## Fair Treatment

Inclusion, diversity, dignity and respect at Babcock encompasses more than just surface attributes – it embraces varied experiences and skills. Discrimination based on protected characteristics is strictly forbidden. Equal opportunities are vital and we prioritise fairness, respect, and dignity. We expect our suppliers to similarly prioritise skill-based selection for employment, promotion, and training, upholding equal opportunities and fair treatment. This extends to fostering inclusivity and diversity in your operations and supply chains.

Our commitment to a prejudice-free environment ensures fair, respectful, and dignified treatment for all. Our culture dictates respectful behaviour without discrimination, harassment, or victimisation. We have zero tolerance for harassment; our suppliers must share this ethos, fostering safety and inclusivity. Suppliers must uphold human rights and fair treatment in the workplace, prohibiting corporal punishment and abusive disciplinary practices, and ensuring a safe and respectful workplace for all. Breaches may lead to formal investigations.

## Child Labour

We strictly prohibit child labour, and our suppliers are held to the same standard. Adherence to legal minimum age requirements is crucial, preventing any employment of underage workers. Suppliers must also comply with local laws and the International Labour Organisation's Convention concerning minimum age for admission to employment. We expect our suppliers to establish age verification processes for new employees and prevent the use of child labour in any work performed.

# Human Rights and Labour Practice continued

## Freedom of Association and Collective Bargaining

We prioritise open communication and direct engagement between workers and management, and we expect our suppliers to do the same. Workers should be free to form or join workers' councils or trade unions without fear of harassment or retaliation. Suppliers must respect employees' rights to associate freely and communicate openly with management regarding working conditions. Workers should not face intimidation, penalties, or interference for exercising their lawful rights of free association. Suppliers should also recognise and adhere to any legal rights of workers to engage in collective bargaining. Collective bargaining is an essential aspect of ensuring fair working conditions and addressing labour-related issues in a collaborative and transparent manner.

## Reasonable Working Hours

Suppliers have a responsibility to comply with maximum working hour regulations, ensuring that your employees' work hours do not exceed the limitations set by relevant local and national laws and regulations. Overtime work must be entirely voluntary, and workers should be granted at least one day off in every seven-day period, except under exceptional circumstances. Additionally, suppliers must not require workers to work more than the maximum hours of daily labour stipulated by local laws. Adequate rest periods must be provided to promote the health and well-being of the workforce, fostering a work environment that supports employees' physical and mental welfare.

## Workers are paid fair wages

Suppliers have an obligation to pay fair wages, meeting or exceeding legal minimum wage per local legislation, to ensure that workers' basic needs are adequately met. This includes compensating overtime responsibly, adhering to prevailing rates. It is essential for suppliers to comply with all relevant local laws, providing workers with at least the minimum compensation required, along with any legally mandated benefits.

Moreover, suppliers must transparently communicate to employees the terms and conditions of their employment, as well as the expected work output to which their wages relate.

Fair remuneration, combined with clear communication, fosters a positive and respectful working environment for all.

## Employee Safety & Health

We expect suppliers to prioritise safety, maintaining a secure and healthy workplace in line with health and safety laws.

Striving for excellence, we demand stringent safety standards, timely incident reporting, comprehensive training, and proactive measures. When the nature of the role requires it, we expect suppliers to ensure acceptable living conditions for workers. Adequate accommodations, hygiene, and safety must be provided in line with local laws and standards.

While compliance with legal mandates is non-negotiable, our aspiration is to surpass these norms.



# Environmental

## Our Environment & Green Initiatives

Our suppliers are vital to our sustainability efforts, focusing on environmental compliance, biodiversity preservation, no deforestation and land conservation. They must follow environmental laws, prevent pollution by implementing effective control measures, minimise waste and conserve resources. Sharing progress and using renewable energy are key to our collective sustainability goals. Suppliers are subject to periodic assessments and supply chain audits for environmental management.

Suppliers should use renewable energy sources, reduce their carbon footprint and aid the global shift to a low-carbon economy. We expect suppliers to prioritise renewable energy like solar, wind, hydroelectric power and minimise waste through efficient processes with responsible management. Additionally, suppliers should implement energy-efficient technologies to optimise resource use and reduce energy consumption.

Aligned with our sustainability commitment, suppliers are to adopt circular economy principles, designing products and processes that promote reuse, recycling to achieve waste minimisation and the prevention of pollution.

## Sustainable Sourcing

Babcock expects suppliers to ensure their goods meet industry-verified standards for sustainability and environmental responsibility. This includes documenting carbon emissions reductions, energy efficiency measures, use of sustainable materials, and effective waste management practices. Suppliers must verify that their production processes adhere to recognised environmental and ethical guidelines and provide documentation to substantiate compliance with these standards. This includes Third Party Information (TPI) requirements, such as certificates of conformity and product certifications that validate the country of origin for assemblies, sub-components and minerals utilised.

## Environmental Permits and Reporting

Suppliers shall comply with all applicable environmental laws, regulations, permits and standards in relation to their progress and operations. Suppliers must obtain, maintain and keep current all required environmental permits, approvals and registrations. You must effectively identify and manage the safe handling, movement, storage and disposal of chemicals and other substances that pose a threat to the environment, including providing workers with appropriate training on the safe-handling and disposal of hazardous substances.

## Net Zero

Suppliers are integral to our Net Zero by 2050 strategy. By aligning operations with sustainable practices, creating carbon emission reduction plans, and fostering collaboration, we collectively combat climate change.

Suppliers are expected to support our decarbonisation through transparent reporting and engagement throughout the supply chain, forging a resilient and sustainable future. Your dedication is vital as we work together to mitigate the impacts of climate change and achieve our ambitious goal and save our planet.

## Climate Change

Recognising the critical importance of addressing climate change, our company is dedicated to integrating sustainable practices throughout our operations and supply chain. We expect our suppliers to share in this commitment by actively participating in efforts to reduce greenhouse gas emissions, minimise environmental impact of your products and services, and promote resource efficiency. Suppliers are encouraged to implement strategies that mitigate climate risks, enhance energy efficiency, and transition to renewable energy sources.

Collaboration in adapting to the evolving landscape of climate-related challenges is paramount. Together, we aim to contribute to a resilient and sustainable future, aligning with global climate goals and safeguarding the well-being of our planet for generations to come.

# Risk Management and Security

## Risk Management

We place great emphasis on effective risk management as an integral part of our business ethics. Suppliers are expected to actively identify, assess, and mitigate risks within your operations and supply chains, ensuring alignment with our risk tolerance thresholds. This includes measures to prevent counterfeit parts, comply with trade regulations, safeguard data, and enhance cybersecurity.

In the event of any identified risks or issues, we require suppliers to promptly communicate them to us. Transparent and timely communication is essential to enable collaborative problem-solving and to minimise potential negative impacts on our projects and operations.

We value proactive engagement in risk assessment and management, which contributes to maintaining a robust, resilient, and ethically sound supply chain.

## Supply Chain Security

Upholding robust security management systems throughout the supply chain is critical to Babcock. Suppliers are expected to implement comprehensive security procedures, conduct thorough risk assessments, and proactively prevent security breaches to ensure the protection of goods, personnel, and facilities throughout the supply chain. These principles ensure the safety, integrity, and reliability of our shared supply chain.

By aligning with these security standards, suppliers demonstrate your commitment to fostering a secure and resilient business environment and protecting our shared interests.

We expect our suppliers to integrate these principles into their operations, enhancing the overall security and protection of our collaborative supply chain.

## Counterfeit Parts

Suppliers play a pivotal role in combating counterfeit parts. Effective measures are expected to prevent counterfeit materials and components from infiltrating the supply chain. Suppliers should establish, implement, and maintain rigorous processes that encompass detecting counterfeit items, marking obsolete parts, and excluding counterfeits from the final products. Notification protocols regarding counterfeit parts must be in place, and recipients should be informed as required.

## Trade & Customs Compliance

Babcock requires compliance with international regulations, ensuring legal movement of goods, technology, and services across borders.

Due to foreign policy, economic, and political factors, these regulations change frequently and impact sanctions, embargoes, international treaties as well as localised legislations and practices.

Suppliers are expected to provide comprehensive, accurate information to ensure we continue to operate in an efficient compliant manner.

# Risk Management and Security

## Cyber Security

Cyber security is a vital concern in today's digital landscape. Suppliers are expected to establish and maintain robust cyber security practices that encompass threat detection, prevention, incident response, and continuous improvement.

Protecting confidential information, customer data, and critical systems is essential to preserve trust and prevent potential disruptions. By complying with cyber security requirements, suppliers actively contribute to a secure business environment, safeguarding sensitive data, maintaining operational resilience, and fostering a resilient supply chain.

## Intellectual Property

We expect our Suppliers to understand the Intellectual Property used or created in their operations and take all necessary steps to minimise the risk of infringing third party rights. Suppliers may not use Babcock's name, trademarks, logos, images unless expressly permitted in writing by Babcock.

## Protecting Information

Confidential information should be managed with utmost care, and sharing it requires authorisation from Babcock.

Adherence to data protection laws, consent acquisition, and transparent notices are vital. Rapid notification and cooperation in case of data breaches are expected. All parties must treat sensitive information with the same care, regardless of contractual coverage. Compliance with relevant data protection legislation, proper data marking, and access restrictions are essential for safeguarding sensitive data and maintaining reputation.

## Personal Information

Effective management of personal information is crucial; sharing requires Babcock's authorisation. Adherence to data protection laws, transparent data handling, and prompt breach notification are imperative. All parties should handle sensitive information with care, regardless of contract terms. Compliance with data protection laws like UK GDPR are vital and classified information should be restricted to relevant individuals.

Neglecting information security could harm both supplier and Babcock's reputation.



# Ensuring Accountability

## Audits and Assessments

Babcock reserves the right to audit compliance with this Policy. Audits are facility inspections that include employee interviews and a review of supplier records and business practices. Such audits are conducted by Babcock's staff. If an audit identifies a violation of this Policy, the supplier shall act promptly to correct the situation to Babcock's satisfaction.

## Whistleblowing

Suppliers are expected to promptly report any concerns related to this Code of Conduct, such as bribery, safety hazards, or environmental harm. You can approach your Account Manager, who will inform Babcock's senior management.

Alternatively, concerns can be directly raised with Babcock's Group General Counsel or lawyers through phone, letter, email, or our confidential [whistleblowing online platform](#) which also contains details of our telephone service.

## Grievance

Suppliers must establish grievance mechanisms for employees, partners, and themselves to report concerns confidentially. Employees should have access to remedy processes to address issues.

Suppliers are expected to provide safe channels for your workers to raise legal or ethical concerns without fear of retaliation. Approval is required for any communication regarding Babcock, its work, or customers.

## Quality Control Measures

Suppliers are expected to implement rigorous quality control measures to ensure that all products and services meet our high standards. This includes regular inspections, testing, and validation processes to verify compliance with specifications and regulatory requirements. Suppliers must maintain accurate documentation and promptly address any quality issues that arise. Continuous improvement practices should be adopted to enhance product quality and operational efficiency. By adhering to these measures, suppliers contribute to the reliability and excellence of our supply chain.

## Continuous Improvement

We expect our suppliers to embrace a culture of continuous improvement and innovation, integrating these principles into your operations and supply chains.

We encourage a proactive approach to identifying areas for enhancement, optimising processes, and seeking innovative solutions that align with the evolving industry landscape and best practices. By fostering an environment of constant improvement and creativity, suppliers contribute not only to your own growth but also to the advancement of our collective goals in sustainability, ethical practices, and operational excellence.

Through collaborative efforts and a commitment to innovation, we aim to drive positive change, strengthen relationships, and create lasting value for our customers, partners, and communities while upholding the principles outlined in our Supplier Code of Conduct.

## Your Suppliers

The principle of equitable treatment extends to suppliers' relationships with your supply chain. The avoidance of excessive risk shifting onto subcontractors and the facilitation of opportunities for small-and medium-sized enterprises (SMEs) are key elements. Vigilance in overseeing subcontractors and suppliers, especially concerning service locations and data handling, is essential.

Innovation should be promoted to enhance the overall supply chain value and quality.

This code's principles should be communicated to suppliers and considered when selecting partners. Adequate management systems, reflecting business size and nature, are expected for compliance with laws and regulations. It's recommended that suppliers establish your own code of conduct and extend its principles to your supply chain entities, fostering a culture of ethics and responsibility.



# Ensuring Accountability

## Gifts & Hospitality

Gifts and entertainment can create perceptions of bribery or favouritism. Aligning with Babcock's Gifts and Hospitality policy, suppliers are expected to adhere to a stringent ethical framework, ensuring these gestures comply with the law.

Recording all instances of given or received courtesies is vital, while steering clear of use during business negotiations to preserve fair competition.

## Conflicts of Interest

Suppliers must steer clear of conflicts with Babcock employees, revealing potential conflicts transparently, including family or business relations.

Transparency is essential for undertakings leading to conflicts of interest. It is expected that suppliers promptly notify Babcock if such conflicts arise and subsequently take adequate mitigation actions for real or perceived conflicts. This applies to organisational or individual conflicts.



# Thank You

In closing, we extend our gratitude to our valued suppliers, for your commitment to upholding the principles outlined in Babcock's Supplier Code of Conduct. By adhering to these standards, we collectively strengthen our partnerships, foster sustainable growth, and contribute to a more ethical and responsible global business community.

Your dedication to fair labour practices, human rights, data protection, and environmental stewardship resonates deeply with our shared values. As we navigate the dynamic landscape of business, your compliance with, and flow down of, these principles to your own suppliers ensures that we move forward together, respecting human rights, safeguarding the environment, and promoting transparency.

Whilst we expect your full adherence to the principles outlined in this Supplier Code of Conduct, it is important to note that this code does not supersede any written agreements, including terms of contracts for the supply of goods or services or existing purchase orders, with Babcock.

Thank you for being an integral part of Babcock's mission to make a positive difference in the world. Your commitment is invaluable, and we look forward to a future of shared success and responsible growth.

We will keep you informed of any updates, including the latest policies and communications from Babcock, on our [Supply Chain Responsibility](#) pages.





**Creating a safe  
and secure world,  
together**