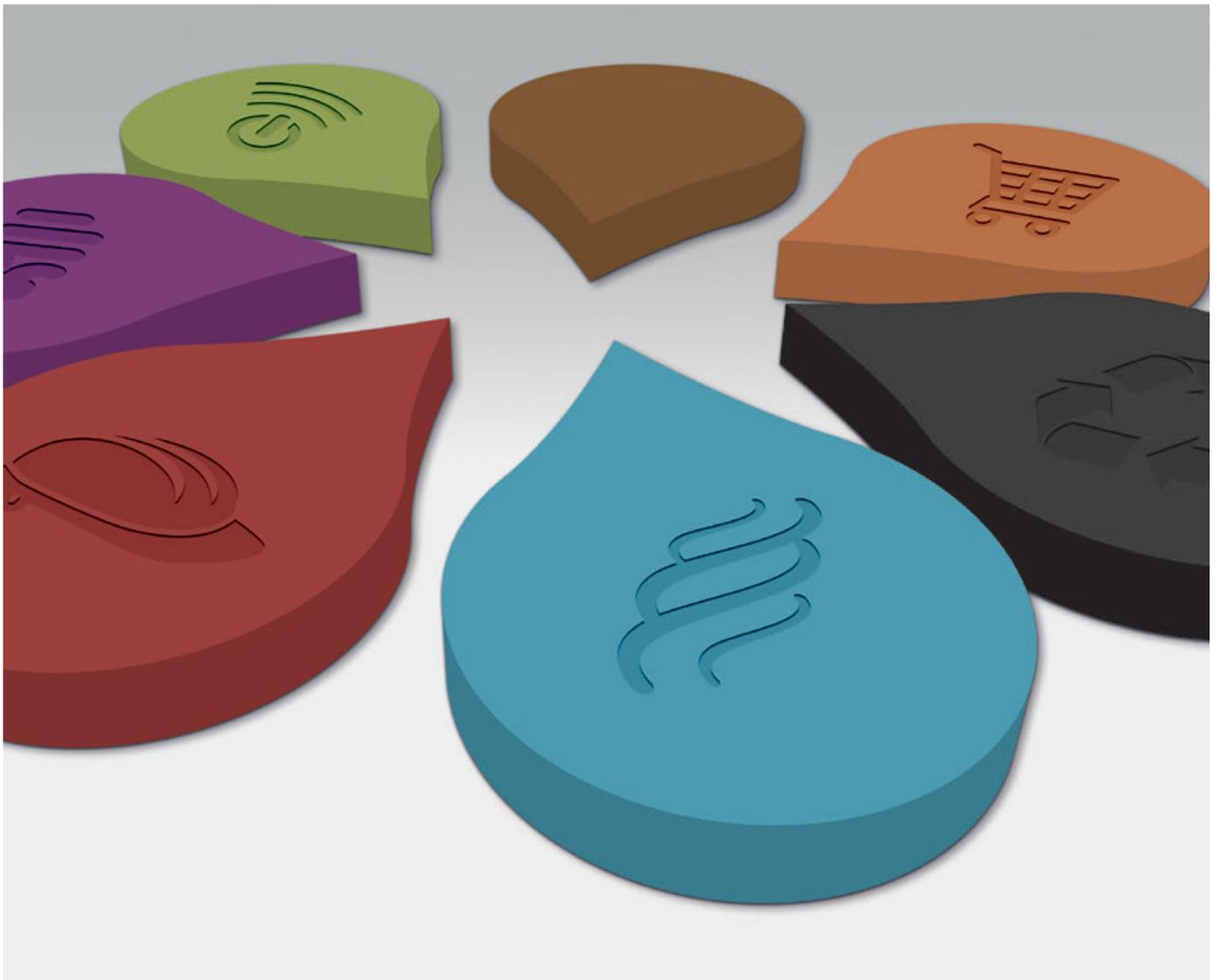


THALES UK

# Sustainable Procurement Guide 2017

How we can work together more sustainably



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# PURPOSE

The purpose of this guide is to assist suppliers in our supply chain to work with Thales UK to operate in a sustainable culture. It is just as beneficial for our suppliers to have a Sustainable Procurement Programme as it is for Thales UK, for the reasons outlined below:

- Identification and avoidance of risks to reputation and media exposure
- Implementation of best practice procurement techniques reducing potential exposure to financial, regulatory and reputation risks
- Eliminating inefficiencies, streamlining processes, thinking long-term, evolving and adapting to new information in a changing world and minimising our impact on our environment
- Operational delivery of the business' commitments on our Sustainability Programme
- Ensure future success in a competitive market place
- Attract and retain the best people
- This is more than just being 'Green'
- A mechanism to drive closer collaboration with strategic suppliers
- Communicating risks and opportunities of supply chain vulnerabilities from anticipated climate change, resource availability or social well being
- Capturing innovation with regards to low carbon products and low operational energy usage
- Encouraging education and sharing knowledge and experiences
- Reducing costs and increasing productivity from more efficient use of resources and reduction of waste in existing products and processes
- Considering whole life costing
- Identification of strategic supply risks, in terms of continuity, cost and material security
- Access to supplier market innovation and exploiting a rapidly expanding market for alternative materials, and lower cost technologies and products

**Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to society and the economy, whilst minimising damage to the environment.**

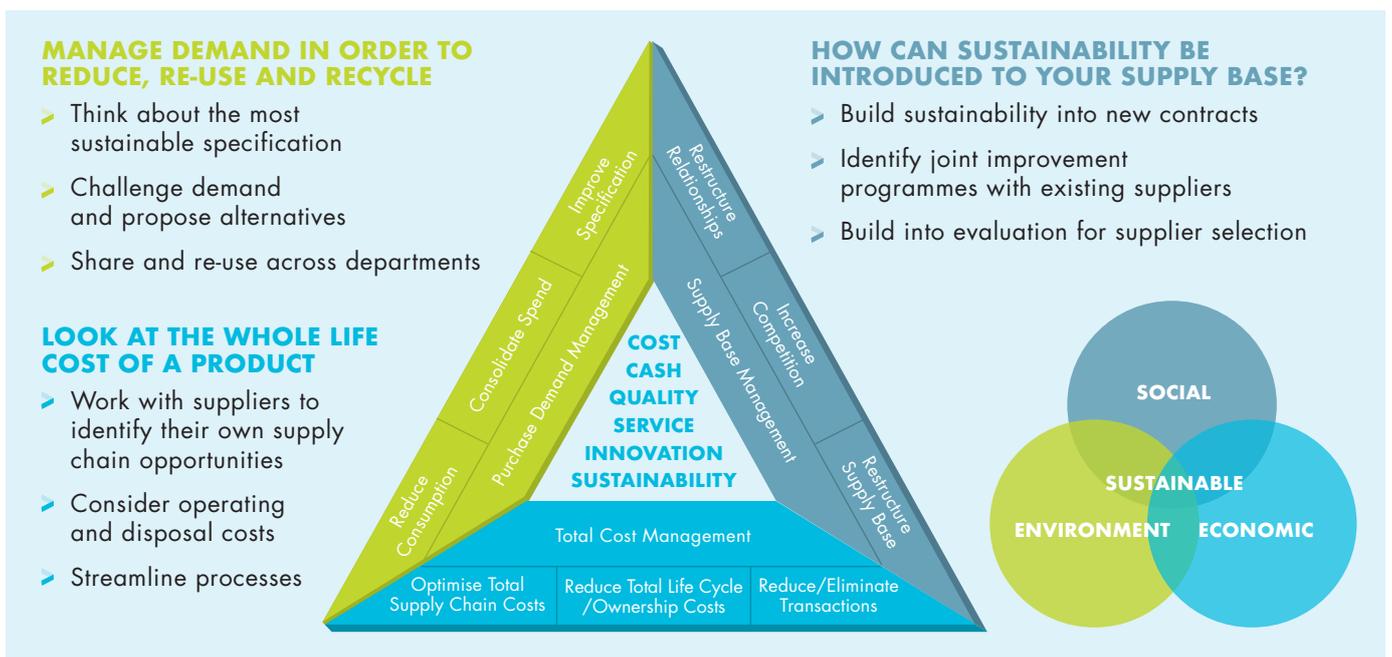


Fig 1: Responsible Purchasing Opportunities in the Supply Chain (A Cynic's Guide to Sustainable Procurement, CIPS)

# 2

## INTRODUCTION

Thales UK places sustainable procurement and corporate responsibility at the heart of its operations. This guide is to assist suppliers in applying sustainability principles and understanding the impacts, risks and opportunities within the supply chain process.



Fig 2: The four pillars of the Thales UK Corporate Responsibility Programme

### 2.1

#### WHY IS SUSTAINABLE PROCUREMENT IMPORTANT TO THALES?

Thales Group signed the UN Global Compact in 2003. The United Nations Global Compact is a voluntary initiative that encourages businesses worldwide to adopt sustainable and socially responsible policies that support UN goals. Thales Group is one of only 399 companies globally to achieve Advanced level.

Thales Group has been added to the Dow Jones Sustainability Indices (DJSI) Europe and World published by asset manager RobecoSAM, which awarded Thales Group with the highest score in the Aerospace and Defence sector for sustainability performance. Our customers see sustainable procurement as a differentiator. Sustainable procurement forms part of our Corporate Responsibility (CR) programme. Thales UK expects the same commitment to be flowed down through its supply chain.

#### CORPORATE RESPONSIBILITY

In Thales UK, sustainability is part of our CR which is supported by a set of CR programmes with targets the business is required to achieve. Thales UK has commitment from the highest levels of senior management towards CR.



Fig 3: Thales Group HSE Objectives and Targets

## REPORTING

We produce regular publications that detail Thales Group and Thales UK Corporate Responsibility. These provide a complete picture of our commitment and detail examples of corporate responsibility in action.

To download current and past publications please visit the 'Key corporate responsibility documents' section of our website which can be found under 'Commitments'.



2.2

Fig 4: Group and UK Corporate Responsibility Reports

## CERTIFICATIONS

To support our CR programme, Thales UK has certification and verification to:

2.3

Standard	Certification/Verification
ISO 14001	Environmental Management System
OHSAS 18001	Health & Safety Management System
ISO 14064	Greenhouse Gas Emissions Verification
ISO 50001	Energy Management System
ISO 27001	Information Security Management
Cyber Essentials	Government/Industry Scheme to protect against cyber attacks
IAMM	Information Assurance Maturity Model

Fig 5: Thales UK Certifications

# 3

## PRINCIPLES & FRAMEWORK FOR PROCURING SUSTAINABLY

Thales UK is working in accordance with BS 8903 British Standard for Sustainable Procurement.

This standard provides a structure for embedding sustainability within the procurement process.

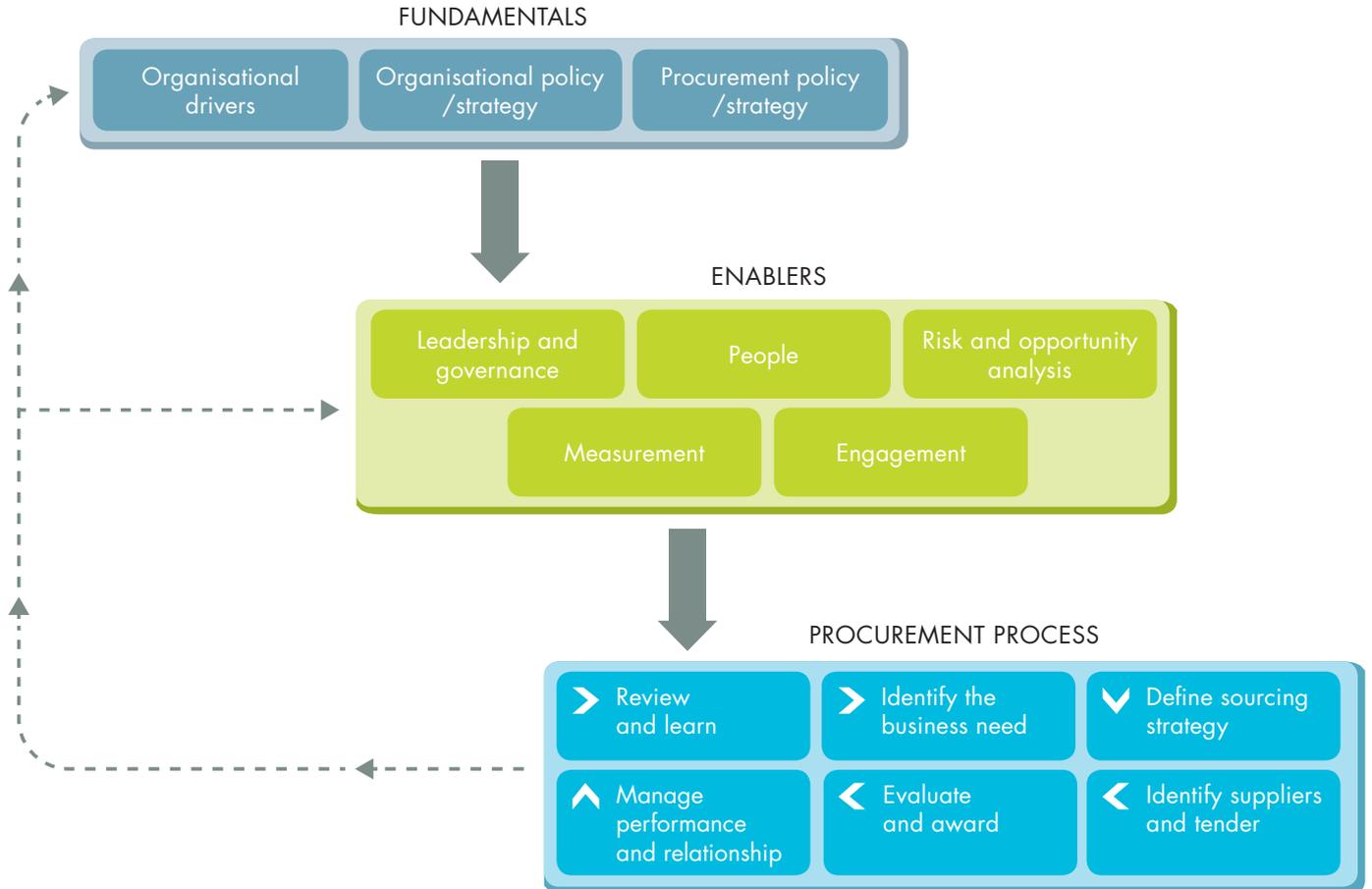


Fig 6: Sustainable Procurement Process Overview (BS 8903)

# FUNDAMENTALS

# 4

## THALES GROUP POLICY

This policy directly relates to the Thales Global Purchasing and Corporate Responsibility Charter and Purchasing and Corporate Questionnaire, which you should already have signed and responded to.



Fig 7: Thales Purchasing and Corporate Responsibility

## 4.1

## THALES UK SUSTAINABLE PROCUREMENT POLICY

This policy sets out how sustainable procurement principles (social, economic and environmental sustainability) seek to achieve:

- To minimise any negative impacts of goods, works or services across their life cycle and through the supply chain
- To minimize demand for resources
- To ensure fair contract prices and terms are applied and respected that meet minimum ethical, human rights and employment standards
- To promote diversity and equality throughout the supply chain

## 4.2

## THALES UK OCCUPATIONAL HEALTH & SAFETY, ENVIRONMENT, ENERGY & NATURAL RESOURCES POLICY

Thales UK's business includes the design, manufacture, training and through life support of products, systems and services within the aerospace, space, ground transportation, defence and security industries.

Occupational Health & Safety (OH&S) is our highest corporate priority - We put people first.

We conduct our current and future business in a way that protects and creates a better future for our environment. We are committed to reducing our impact on the environment by identifying carbon reduction opportunities and reducing our consumption of natural resources in line with the principles set out in this policy.

Our goal is to manage OH&S and environment as any other critical business activity in an integrated, systematic way, being designed to ensure compliance with the law and other relevant requirements through good practice and continual improvement.

Thales UK aims to be recognized as an industry leader in OH&S and environment (including energy and natural resources) with replicable management principles which promote sustainable best practice.

We believe in a culture in which every individual that works for Thales is provided with the resources, equipment, training and empowerment to discharge their responsibility to achieve the highest practical safety standards for themselves, those whom they manage, their colleagues and others that are affected by our business activities. Thereby creating a better future for our people, demonstrating our commitment to prevent injury, ill-health and to help to provide a better environment.

## 4.3

## THALES UK MODERN SLAVERY AND HUMAN TRAFFICKING POLICY

This document sets out the policy of Thales UK in relation to the UK Modern Slavery Act 2015 and the steps taken to ensure compliance.

## 4.4

## 4.5 THALES UK CONFLICT MINERALS POLICY

This policy is concerned with fair and transparent ethical trading related to Conflict Minerals, which at present refers to: columbite-tantalite (tantalum), cassiterite (tin), wolframite (tungsten) and gold, collectively known as '3TG'.

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## 4.6 THALES UK COUNTERFEIT AVOIDANCE POLICY

This policy relates to anti-counterfeiting measures to reduce the spread and risk of fraudulent (substandard) and counterfeit (imitation) material in our supply chain.

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## 4.7 THALES UK PROMPT PAYMENT POLICY

As a signatory of the Prompt Payment Code, this policy aligns to the requirements of the code to undertake to: Pay suppliers on time, provide clear guidance and encourage best practice.

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## 4.8 THALES UK INFORMATION ASSURANCE SECURITY POLICY

Adopting and implementing information security standards, Thales UK is committed to ensuring the confidentiality, integrity and availability of its systems including all Company information and that entrusted to the Company by its customers, business partners and contracting authorities.

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## 4.9 THALES UK GIFTS & HOSPITALITY POLICY

This policy offers practical guidance to Thales personnel for the giving or receiving of gifts and hospitality, and sets out a reminder of the Group's rules for operating in an ethical way.

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## 4.10 THALES UK EQUAL OPPORTUNITIES POLICY

Thales UK has established and is committed to maintaining a working environment in which all individuals are treated fairly, valued and not discriminated against on the grounds of disability, race, colour, nationality, ethnic or national origin, sex, age, sexual orientation, marital status or civil partner status, gender reassignment, religion or belief, pregnancy and maternity, health, employment status, membership or non-membership of a trade union or the fact that they are a part-time or fixed-term employee (and political opinion in Northern Ireland). Promoting best practice principles of non-discrimination and equality of opportunity applies equally to the treatment of visitors, clients, customers and suppliers.

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## 4.11 PRODUCT FAMILY POLICIES

Thales UK has identified its key procurement product categories or families. For each commodity within a family, there is a policy defining which target suppliers are preferred and approved, scope and capabilities, contractual framework, KPIs, risk, compliance and sustainable procurement considerations.

Each policy is required to identify:

- Regulations that apply to that particular product or service e.g. Registration, Evaluation, Authorisation of Chemicals (REACH), Restriction on Hazardous Substances (RoHS), Waste Electrical and Electronic Equipment (WEEE), Modern Slavery & Human Trafficking, Conflict Minerals or Counterfeit Avoidance
- The risks and impacts identified in the Thales UK RAGing Matrix (see section 8) and the respective mitigation plans
- The opportunities of cost reduction driven by whole life cost analysis
- Cost reduction levers arising from sustainable procurement principles e.g. reduction in waste, packaging, logistics and energy
- Each policy is signed off by the UK Sustainable Procurement Lead before it is published

# ETHICS

# 5

Since 2010 we have been continuing to develop, embed and improve the robustness of Thales UK's Ethics programme. The programme complements and dovetails alongside the Group's programme, which has now been in place for nearly sixteen years.

Thales Group requires all of its suppliers to support its ethics policies, uphold our cultural commitments and share our ethical values which include:

- Code of Ethics supplier appraisal questionnaire



## NOTE

- Understand that we will not tolerate unethical behaviour, and in particular bribery, in the conduct of our business activities
- Where the principles laid down by Thales are higher than local regulations and/or the supplier's code of ethics, the Thales principles will apply
- Purchasing and Corporate Responsibility Charter, which contains contractual obligations on the part of the supplier to adhere to standards in the following:
  - Human Rights
  - Labour Standards
  - Environment
  - Corporate Governance
  - Anti-Corruption

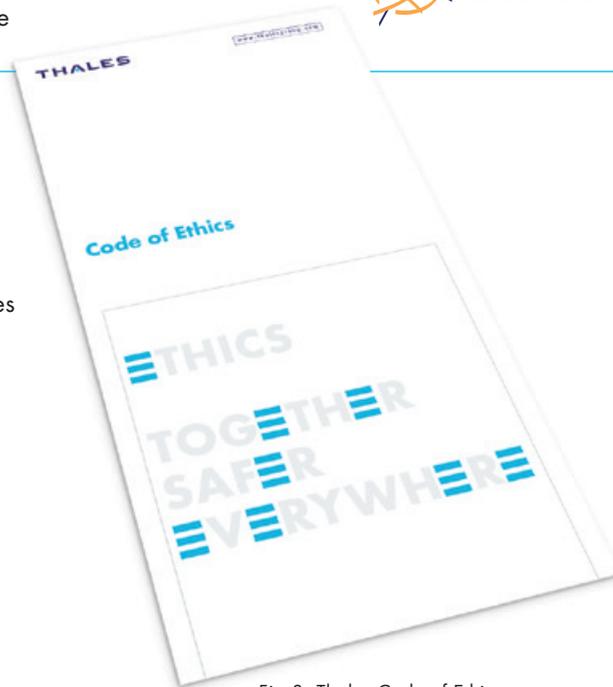


Fig 8: Thales Code of Ethics

## SUPPLIERS NEED TO CONSIDER:

- Do you have a code of conduct or similar compliance and ethics related policy in place?
- Are you aware of the UK Bribery Act and its implications?
- Are you aware of the UK Modern Slavery Act and its implications?
- Has your organisation, or associated organisations, been accused, prosecuted and/or convicted in the present time or in the past of any criminal offence relating to bribery, corruption or fraud?
- Do you have a gifts and hospitality policy and procedure in place?

**Being ethical is  
your responsibility**



# CYBER SECURITY



## SUPPLIERS NEED TO CONSIDER:

- **Define a set of proportionate cyber security controls or cyber risk profiles that will be implemented within contracts:**
  - The profiles, stipulating controls at each level, are defined by the level of the assessed cyber risk to a specific contract. Any part of the contract that may be subcontracted must also have the level of cyber risk assessed and the appropriate profile applied
  - The level of cyber risk is determined by carrying out internal risk assessments answering a series of questions relating to a contract. There are five outcomes defining the cyber risk profiles to be used: Not Applicable, Very Low, Low, Moderate and High
  - A contract must have 1 of the 4 cyber risk levels attributed to it, and each cyber risk level has a corresponding cyber risk profile. In a small number of cases a contract will not be assigned a risk level but will have an outcome of Not Applicable
  - There is no specific correlation between the cyber risk level and the Thales Group or Government Security Classification Scheme
  - As part of the proportionate aspect of the profiles, the requirements which need to be implemented are progressive. As the assessed level of cyber risk increases the number and range of control requirements to be implemented also increases
  - Cyber risk controls are the minimum measures that will be required although there may be occasions when additional control measures will need to be implemented; in these circumstances a member of the Thales Information Management and Security Team will engage directly with the relevant stakeholders
- **Conducting due diligence/assurance of supplier (and potential supplier) organisations and applying proportionate and appropriate measures according to the risk include:**
  - Obtaining statements of compliance or security assurance questionnaires through to the physical inspection of the supplier by the prime
  - Implementing audit arrangements and ensuring compliance monitoring through the contract lifetime
  - Applying contractual clauses to address supply chain security issues
  - Ensuring contract exit arrangements are in place and making appropriate arrangements to ensure that there is no residual risk once the contract has been completed

# PROCUREMENT PROCESS

This section captures the key requirements Thales UK considers in our supply chain.



# 7

## SUSTAINABLE SUPPLY

It is important to understand the difference between Sustainable Supplier and Sustainable Supply:

- **Sustainable Supplier** is where Thales engages with a supplier to understand their measures and targets, and whether they are being achieved
- **Sustainable Supply** is where measures are developed to identify suppliers' contribution to improve the sustainability of that specific supply chain, e.g. waste, water, emissions, materials, service and innovation etc. This is the ethos that Thales UK favours

## 7.1

## WHOLE LIFE COST

## 7.2

### ACQUISITION COSTS

Capital costs  
Revenue costs  
Leasing costs  
Delivery costs

# 1

### OWNERSHIP COSTS

Running costs (energy/fuel consumption)  
Maintenance costs  
Storage costs  
Durability  
Training costs

# 2

### DISPOSAL COSTS

Hazardous materials requiring specialist disposal?  
Can item be reused or recycled?  
Resale value

# 3

## SUSTAINABILITY COSTS

### WHOLE LIFE COSTING

Operating Design for Environment Principles

Cost of disposal (e.g. negotiate with a supplier to include the removal of the product or a hazardous substance at the end of its useful life and ensure disposal is not harmful to the environment)

Specifying refurbished products (e.g. not generally insisting on new items when refurbished parts or products could be used)

Direct running costs (e.g. energy, water and other resources used over the lifetime of the product or service)

Indirect costs (e.g. less energy efficient IT equipment will produce more heat, causing plant in air conditioned buildings to work harder to remove it, so adding to the electricity bill)

Administration costs (e.g. overheads from purchases that require special handling and disposal such as certain pesticides and cleaning products)

Spending to save (e.g. purchasing more durable or energy efficient products which may initially be more expensive, but result in long term savings due to a longer service lifetime)

Training (e.g. if the product is not user friendly it may entail time, money and effort being expended in training staff to operate it)

Recycled content buying products containing recycled materials (e.g. paper with 80% recycled content; re-manufactured toner cartridges etc.)

Recyclability (e.g. creating markets for own waste by ensuring product components can be recycled at its end of life)

### ENVIRONMENTAL

CO<sub>2</sub>

Sustainable product (made from recycled material, second hand)

### POLLUTION COSTS

Green credentials

Cost of extraction (e.g. impact on environment of mining)

### SOCIAL COSTS

Workforce used in supply chain

Working conditions

Producers paid a fair price

### ECONOMIC

Employment

Training opportunities

Local economic cost

Regeneration

# 4

## 7.3



### EMISSIONS/ENERGY

Thales aims to reduce emissions from energy, travel and logistics. To do this we measure the tonnes carbon dioxide equivalent (tCO<sub>2</sub>e) from all emission sources from operations and have them externally verified to the greenhouse gas quantification and reporting standard ISO 14064 and ISO 50001 (ESOS). CO<sub>2</sub>e is used as it provides a unit that demonstrates the equivalent amount of carbon dioxide from a number of greenhouse gases and helps an organisation to develop a carbon footprint.

Measuring carbon helps you to understand your environmental impact and aids carbon reduction measures in an organisation and their supply chain:

- Prevent unnecessary travel
- Identify more sustainable travel alternatives
- Collate orders for fewer deliveries

### SUPPLIERS NEED TO CONSIDER:

- To support Thales UK's objective to reduce energy and improve energy efficiency, thereby reducing CO<sub>2</sub> emissions in line with our obligation to the Energy Saving Opportunity Scheme (ESOS/ISO 50001)
- All suppliers of goods, works or services that use gas, electricity or fuel arising in Thales' operations (on site) are able to demonstrate targeted energy and emissions reduction
- All suppliers of goods, works and services that consume gas, electricity or fuel are able to demonstrate good energy management practice and compliance with local legislation as a minimum, i.e. does the supplier have certification to ISO 50001
- Thales UK expects all modes of transport supporting our supply chain to be compliant with relevant local air quality standards
- Reduce energy from buildings, processes, projects and products
- Reduce cost by identifying efficiencies

#### Did you know?

**In 2015 Thales UK paid £438k in carbon tax**

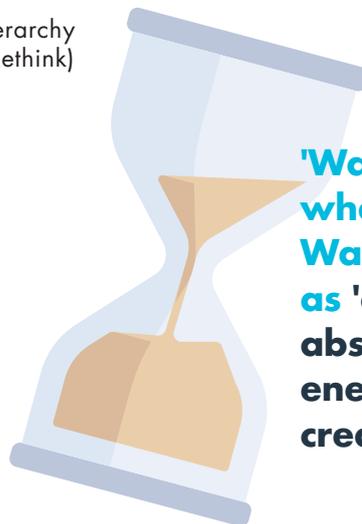
**How can you help to reduce emissions in our supply chain?**

## 7.4



### WASTE

The principles of the waste hierarchy (Reduce – Reuse – Recycle – Rethink) can be useful in guiding more sustainable procurement.



**'Waste' is more than what we throw in the bin! Waste can also be described as 'any activity which absorbs time, material, energy or resource but creates no value'.**

## PREVENTION

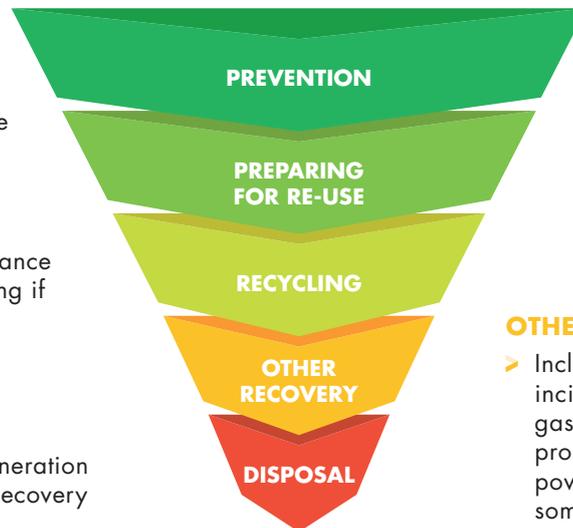
- Using less material in design and manufacture
- Keeping products for longer, re-use
- Using less hazardous material

## RECYCLING

- Turning waste into a new substance or product including composting if it meets quality protocols

## DISPOSAL

- Landfill and incineration without energy recovery



## PREPARING FOR RE-USE

- Checking, cleaning, repairing and refurbishing whole items or spare parts

## OTHER RECOVERY

- Including anaerobic digestion, incineration with energy recovery, gasification and pyrolysis which produce energy (fuels, heat and power and materials from waste; some backfilling operations)

Fig 9: Waste Hierarchy

## SUPPLIERS NEED TO CONSIDER:

- To support Thales UK's objective to reduce waste to landfill, minimise creation of packaging waste material, promote energy recovery, re-use and increase recycling rate
- All suppliers of goods, works or services that cause waste arising in Thales' operations (on site) are able to demonstrate targeted waste reductions
- All packaging to comply with Packaging Regulations (when applicable) e.g. Valpak Compliance Scheme
- All suppliers of goods, works and services that create (their own) waste are able to demonstrate good waste management practice and compliance with local legislation as a minimum
- Purchases of goods that will be disposed of by Thales and its customers at end of life will reduce waste potential to a minimum and consider how this disposal will be done without causing waste to landfill
- The whole life cost of packaging: this includes the cost of the skip on site, the cost of recycling material, the cost of landfill tax
- What packaging is being used?
- Is the packaging overly heavy/over-sized?
- Can it be designed to be minimal?
- Can any of the packaging be removed, reduced or reused/recycled?
- What is the percentage recycled content?
- What is the percentage raw material that is from a sustainable source?
- Can the packaging be returned?

## EXAMPLE

### TIMBER: SUPPLIERS NEED TO CONSIDER:

Buy recycled or reclaimed timber

New timber must have sustainable certification e.g. Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC)

**Did you know we all pay tax on our packaging waste and that it is 40-50% cheaper to recycle rather than landfill?**

**Thales UK's suppliers can directly contribute to reducing the quantity and cost of our packaging waste and the amount of tax we pay to the Government (annual Valpak submission)**

## 7.5

### WATER

Suppliers of goods, works or services that use water arising in Thales' operations (on site) should be mindful that it is one of the most important and scarce resources on the planet.



#### SUPPLIERS NEED TO CONSIDER:

- Support Thales UK's objective to reduce water consumption and improve water efficiency
- Be able to demonstrate targeted water reduction consumption
- Be able to demonstrate good water management practice and compliance with local legislation as a minimum

## 7.6

### RESOURCE STEWARDSHIP

Through cumulative and systemic pressures arising from human activities, natural resources are put under threat of severe degradation and even depletion. Increasing resource use is clashing against environmental limits, which is fuelling resource insecurity. We need to focus on how to achieve a more circular system, in which resources are kept productive in the economy for longer, and increase sustainable sourcing of the resources grown and mined.

By reducing and optimising the use of resources throughout the manufacturing process, we are limiting resource scarcity and climate change challenges.



#### SUPPLIERS NEED TO CONSIDER:

- To minimise use of natural resources and harm to the natural environment
- Consideration shall be given to the use of secondary materials (re-used and recycled) where they offer equal or greater value for money
- All timber and related products including pallets shall be supplied from FSC or PEFC certified sources where possible
- Raw materials include: timber, rubber, alloys and metals

## SUPPLY CHAIN COMPLIANCE

It is the supplier(s) responsibility to comply with all relevant statutes, statutory rules, orders, directives, regulations and standards in force at the time of delivery. Where the supplier suspects a concern regarding the product(s), please inform your local Thales Buyer immediately.

### KEY AREAS TO BE AWARE OF:

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#### REACH

European Regulation (No: EC/1907/2006) [www.echa.europa.eu](http://www.echa.europa.eu) Thales suppliers shall perform the required due diligence to ensure that the products supplied are REACH compliant and provide the necessary information to allow Thales to confirm its own compliance in line with Article 33 of the REACH Regulations. Suppliers shall also regularly update Thales in relation to any changes to their products any changes to the information that is available in relation to their products and any changes to the information that is available in relation to the substances used in their products. All information shall be provided at the cost of the supplier.

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#### Conflict Minerals

US State Dept. Law (Dodd-Frank Act) [www.sec.gov/rules/final/2012/34-67716.pdf](http://www.sec.gov/rules/final/2012/34-67716.pdf) Thales suppliers are expected to perform the required due diligence to ensure responsibly (non-conflict) sourced materials/minerals. These minerals include tantalum (columbite-tantalite also known as coltan and its derivatives), tin (cassiterite and its derivatives), tungsten (wolframite and its derivatives) and gold.

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#### Modern Slavery Act (UK)/Human Trafficking

[www.legislation.gov.uk/ukpga/2015/30/contents](http://www.legislation.gov.uk/ukpga/2015/30/contents) enacted Thales suppliers shall perform the required due diligence to comply with the requirements of the Modern Slavery Act 2015 to ensure that their supply chains are free of human trafficking and shall provide written confirmation to Thales that they have done so. Thales has the right to audit your due diligence procedures to confirm the steps you have taken to comply with the Modern Slavery Act 2015.

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#### WEEE

Waste Electrical and Electronic Equipment [www.environment-agency.gov.uk/weee](http://www.environment-agency.gov.uk/weee)

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#### RoHS

Restrictions on Hazardous Substances [www.rohs.gov.uk](http://www.rohs.gov.uk)

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#### Counterfeit Avoidance

DEF-STAN 05-135 [www.dstan.mod.uk](http://www.dstan.mod.uk)

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#### Rare Earth Metals

[www.iupac.org/rare-earth-metals](http://www.iupac.org/rare-earth-metals) A set of 17 chemical elements in the periodic table that were defined by the International Union of Pure and Applied Chemistry (IUPAC).

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#### Cyber Security

DEF-STAN 05-138. Cyber risk profiles set out the cyber protection measures required at each level of cyber risk. A contract assessed as carrying a cyber risk of 'Low' will only need to comply with the measures set out in the 'Low' profile. This does not preclude you from doing more, and Thales would encourage you to do so, but this will not be a contractual requirement.

[www.gov.uk/government/publications/defence-cyber-protection-partnership-cyber-risk-profiles/overview-dcpp-and-cyber-security-controls](http://www.gov.uk/government/publications/defence-cyber-protection-partnership-cyber-risk-profiles/overview-dcpp-and-cyber-security-controls)

The above list is currently most important to Thales UK, but not limited to.

### REACH MATERIAL DATA FORM REQUIREMENT

Thales suppliers are expected to perform the required due diligence to ensure that the products supplied are REACH compliant, and provide the necessary information in the Thales Material Declaration Form to allow Thales to confirm compliance in line with Article 33 of the REACH Regulations.

**Thales UK has signed up to the UK  
Government Prompt Payment Code:  
[www.promptpaymentcode.org.uk](http://www.promptpaymentcode.org.uk)**

## 7.8

### ECONOMIC SUSTAINABILITY

#### SUPPLIERS NEED TO CONSIDER:

- To contribute positively to the economic sustainability of their communities
- To not knowingly award contracts that undermine the economic viability of our suppliers
- To pay suppliers in accordance with the contract conditions
- Where appropriate, to seek competitive local supply and labour
- To encourage innovation in the supply chain, particularly where economic, social and environmental benefits can be demonstrated
- To encourage fair trade/fair price
- To consider social issues in procurement that and act in a way that may be considered to 'distort competition' or discriminate against



## 7.9

### TRADE COMPLIANCE

#### SUPPLIERS NEED TO CONSIDER:

- Export control regulations
- The diversity of our customer base, combined with the vast range of suppliers around the world, make Trade Compliance a key area for both supplier and procurement awareness
- Understanding the types of controls applicable to the products we purchase/sell, whether developed in-house, or purchased from a third party, is essential to ensure compliance with various Export Control regimes around the world, not least the UK, EU and USA
- Every country in the world will have specific Export Control restrictions related to products developed in their area. In addition, each country will also have sanctions and embargoes, both local and worldwide, that have to be adhered to
- It is the suppliers responsibility to ensure Thales are made aware of any specific controls that will restrict where the product can be marketed/sold to
- Suppliers should also ensure that any required Export approvals are in place, and include all parties relevant to the transaction



## 7.10

### BIODIVERSITY

#### SUPPLIERS NEED TO CONSIDER:

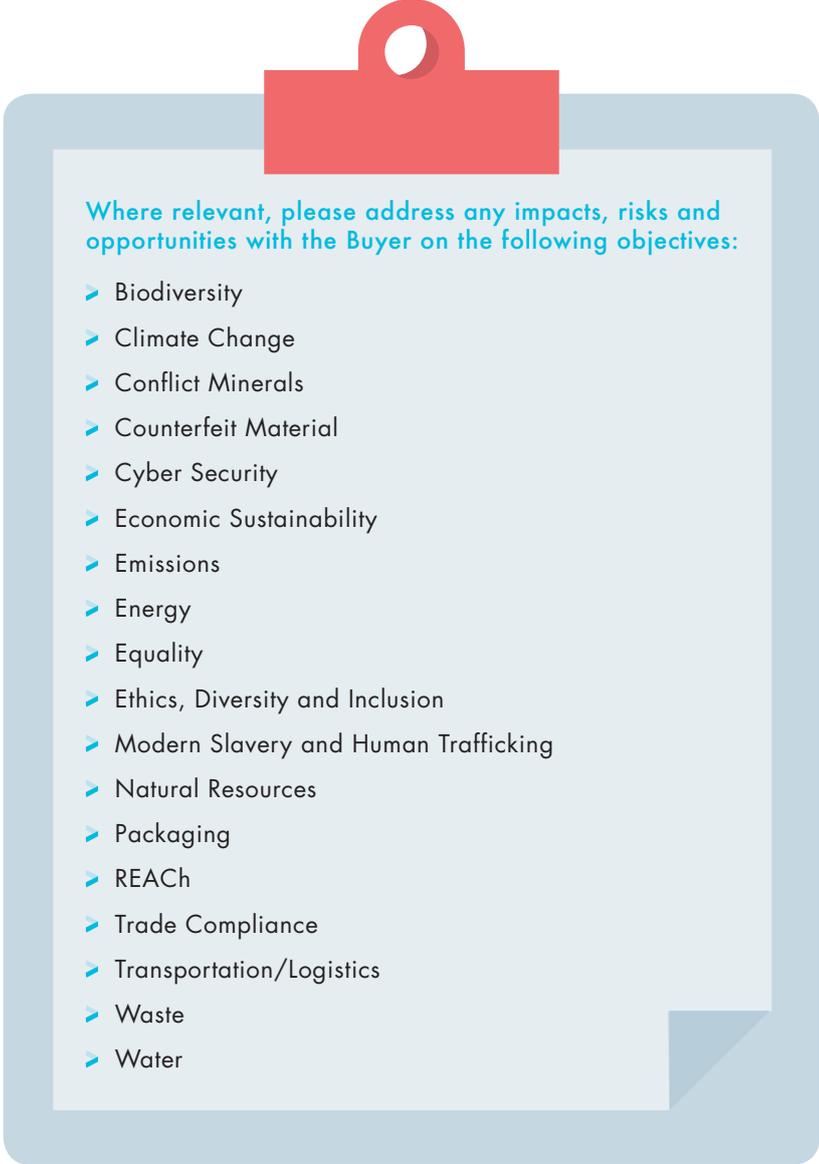
- All living organisms and your natural surroundings
- All suppliers of goods, works or services in Thales' operations (on site) do not have a negative/detrimental impact on local Thales biodiversity
- All suppliers of goods, works and services, do not have a negative/detrimental impact on biodiversity both locally and during transportation



## ASSESSMENT CRITERIA

Our suppliers need to understand that tender assessment weightings will include sustainable procurement criteria. It is important that sustainable risks and opportunities (including labour standards and ethics) are identified and recorded:

- Purchasing and Corporate Responsibility Charter and Questionnaire
- Health, Safety and Environment Questionnaire
- Supplier appraisal
- Supplier screening
- Sub-tier mapping



Where relevant, please address any impacts, risks and opportunities with the Buyer on the following objectives:

- Biodiversity
- Climate Change
- Conflict Minerals
- Counterfeit Material
- Cyber Security
- Economic Sustainability
- Emissions
- Energy
- Equality
- Ethics, Diversity and Inclusion
- Modern Slavery and Human Trafficking
- Natural Resources
- Packaging
- REACH
- Trade Compliance
- Transportation/Logistics
- Waste
- Water

# 8

## ENABLERS

Collaborate and engage with supply chain stakeholders and communicate our requirements.

### 8.1

#### RISK MANAGEMENT

##### RAGing MATRIX

Recognising the importance of managing our supply chains in a more responsible way, the RAGing Matrix is a tool to aid identifying the holistic strategic overview of commodity risks, impacts and opportunities using a simple colour coding approach.

It is important that our Supply Chain is aware of the products and services (by Commodity) they are providing and how they relate to the RAGing Matrix (see below). Where reds and ambers are identified, the Supplier and Buyer will collaborate to provide risk mitigation and an action plan.

	S1	S2	S3	S4	S5
	GE and ITS	IT Solutions	Systems and Equipments	Industrial Purchases	System and Software Engineering
	F13	F20	F31	F40	F62
	Building services	SW COTS	Optronics	Mechanical parts	Test systems and services
CO <sub>2</sub> emissions	●	●	●	●	●
Energy	●	●	●	●	●
Water	●	●	●	●	●
Waste (packaging)	●	●	●	●	●
Natural Resources/Raw material	●	●	●	●	●
Biodiversity	●	N/A	●	●	●
Material Criticality (conflict minerals, RoHS and REACH)	●	●	●	●	●
Cyber Security	●	●	●	●	●
Radioactivity	●	●	●	●	●
Ozone Depleting Substances	●	●	●	●	●
Nanoparticles	●	●	●	●	●
Asbestos	●	●	●	●	●
Economic Sustainability	●	●	●	●	●
Ethics and Labour Standards	●	●	●	●	●
Diversity (gender, age, race)	●	●	●	●	●

Fig 10: Thales UK RAGing Matrix sample

### 8.2

#### MEASURES

Thales UK measures our HSE performance. For the 2016 – 2018 objectives, we are measuring against our 2012 – 2015 baseline results:

Electricity -16.8%	Water -14.4%	Gas -28.2%	CO <sub>2</sub> Travel +7.8%	Waste Recycling 65%	Health & Safety AFR=0.034
CEMR KPI	2012 Figure	Target Benchmark	2015 Figure	2015 Result	
Electricity	59454.3	<10%	49491.5	16.8% Reduction	
Water	63966	<10%	54778	14.4% Reduction	
Gas Mwh	16056.9	<10%	11524.3	28.2% Reduction	
Travel CO <sub>2</sub> Tonnes	8297	<10%	8944.3	7.8% Increase	
Waster Recycling %	54	60	65	11% Increase	

Fig 11: Thales UK 2015 KPI Baseline

## FURTHER INFORMATION & HELP

If you have any questions or would like to discuss any of the topics covered in this guide please speak to your local Thales Buyer. A list of useful websites is provided below.

### USEFUL WEBSITES

- Thales UK Limited [www.thalesgroup.com/en/worldwide/corporate-responsibility](http://www.thalesgroup.com/en/worldwide/corporate-responsibility)
- The Carbon Trust [www.thecarbontrust.co.uk](http://www.thecarbontrust.co.uk)
- The Environment Agency [www.environment-agency.gov.uk](http://www.environment-agency.gov.uk)
- Chartered Institute of Purchasing and Supply [www.cips.org](http://www.cips.org)
- Department for Environment, Food & Rural Affairs [www.defra.gov.uk](http://www.defra.gov.uk)
- Department for Business, Energy and Industrial Strategy  
[www.gov.uk/government/organisations/  
department-for-business-energy-and-industrial-strategy](http://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy)
- Action Sustainability [www.actionsustainability.com](http://www.actionsustainability.com)
- Business in the Community [www.bitc.org.uk](http://www.bitc.org.uk)
- Public Sector Procurement Portal for Welsh Suppliers and Buyers [www.sell2wales.gov.uk](http://www.sell2wales.gov.uk)
- Northern Ireland Executive [www.northernireland.gov.uk](http://www.northernireland.gov.uk)
- The Scottish Government [www.scotland.gov.uk](http://www.scotland.gov.uk)

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