

## *PO-08: Procurement Policy*

Birse Rail Ltd. is committed to procuring resources, material and plant from approved sources that meet the requirements of our contracts and in accordance with rail industry standards and specifications.

Orders and Contracts are only placed with those companies that are:

- Listed on the supply chain database.
- Passed an Audit of their Management System(s), where applicable.

An annual audit will be completed for companies based on:

- Usage (Companies used on more than 4 occasions within the previous 12 months).
- Performance (annual cumulative performance lower than 70%).
- Nature of work (high risk operations i.e. signalling, p-way).

All suppliers and subcontractors shall be subject to audit, at the discretion of the Supply Chain and Assurance Manager as a result of any or all of the following:

- Ambiguous response to the F-066 Questionnaire.
- Poor performance reported from site.
- Significant changes to the subcontractor's/specialist consultant's organisation of management system(s).
- Random Audits as directed by the Assurance Manager

Subcontracts are generally let on a competitive basis, with a minimum of four subcontractors (where possible), being invited to bid. Exceptions may be due to low value orders (less than £25,000), when a single sourced subcontractor may be appropriate, or negotiated subcontracts based upon a previously competitive bid.

Birse Rail may set up National Agreements, where appropriate, for operational sites to use on a 'call off' basis. These agreements will be identified within the supply chain information.



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