# Labour Standards Assurance

# Policy & Management System

**Version 1 -26/02/20**

***As part of our Business Ethics Policy Intermedical (UK) Ltd is committed to upholding an ethical labour policy in-line with its legal and moral obligations. The standards are maintained within the Company and the Suppliers within the Companies supply chain.***

Approved By:

D. A. CURTIS

| Contents | LSAS Specification Section |
|---|---|

## OVERVIEW

Intermedical (UK) Limited (the Organization) was founded in October 1997, to import and distribute medical equipment and devices for our customers, on time and within budget. The Organization has established a reputation throughout the UK, importing and distributing medical equipment and devices for NHS Trusts and hospitals, GP's, pharmacies and the general public. The Organization's success was, and remains, attributable to a firm commitment to quality.

Intermedical believes that it is important to maintain high levels of ethical standards to preserve its reputation within the marketplace.

Intermedical, expect our suppliers to maintain appropriate ethical standards and will take all reasonable steps to establish the ethics and/or employment standards of its suppliers in line with the ETI (ethical trading initiative) base code.

Where it is feasible Intermedical will only source products from suppliers who maintain appropriate ethical standards for the area in which they operate.

Intermedical has formulated a 'Labour Standards Assurance System Policy' in accordance with its commitment to its Business Ethics Policy.

## 1. Policy

Intermedical Labour Standards Policy is outlined within this Labour Standards Assurance Policy & Management System (LSAS). It applies to both the internal organization, and its supply chain and is approved by the Intermedical Acting Director Livio Gagliardi and Quality Manager Chris Harris

It commits to continual improvement and sets out 8 core minimum labour standards:

1. Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)

2. Right to Organize and Collective Bargaining Convention, 1949 (No. 98)

3. Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol )

4. Abolition of Forced Labour Convention, 1957 (No. 105)

5. Minimum Age Convention, 1973 (No. 138)

6. Worst Forms of Child Labour Convention, 1999 (No. 182)

7. Equal Remuneration Convention, 1951 (No. 100)

8. Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

Adequate & sufficient resources will be made available to the LSAS, and this manifests in both time and financial backing.

It is appropriate to Intermedical, as its scope includes a wide range of Distribution of medical monitoring equipment, respiratory devices, associated equipment and servicing and repair of oxygen concentrators and Manufacture of disposable breathing tubes.

It was communicated to all employees during February 2020 and evidence retained. All suppliers were sent a copy of the policy in February 2020. This process continues an annual basis.

The policy is publicly available via our website www.intermedicaldirect.co.uk

This Ethical Labour Standards Policy is reviewed annually, and evidence of that review is contained in the minutes of the Intermedical management meetings.

Intermedical also requires its suppliers to comply with their national laws along with the principles held within the LSAS Specification and the base code of the Ethical Trading Initiative.

## 2. Management Representative

The Management Representatives for this Labour Standards Assurance Policy & Management System (LSAS) is a shared responsibility within the following roles:

Managing Director
Administrative/Acting Managing Director
Operations Quality Manager
Sales Managers

### Typical duties include:

- Creating and publishing of Intermedical Ethical Labour Standards Policy
- Approving all other relevant and related LSAS policies and procedures
- Carrying out a periodic review of the LSAS, typically on an annual basis
- To encourage suppliers and other parties key to the business, to comply with the principles of the Ethical Trading Initiative and/or NHS Labour Standards Assurance System
- Completing risk assessments to determine the level of risks related to each supplier
- Ensuring that any corrective action requests raised against a particular supplier, are addressed in a timely manner

- Allowing the administrative staff sufficient time to progress LSAS issues if required
- Documenting and taking action relating to any concerns about labour abuses
- To comply with UK employment law
- To align these tasks and duties wherever possible to the ISO 13458:2016 Quality Management System that Intermedical conform to
- To set objectives & targets for the overall improvement of the LSAS
- To communicate the LSAS issues throughout Intermedical
- To carry out training with the administration staff who may be involved in the LSAS and if applicable other parties
- To comply with the NHS Supply Chain Framework Agreements (relevant to specific frameworks and products)

## 3. Labour Standards Status Review

This procedure undertakes to identify how labour standards such as the NHS Labour Standards Assurance System and the Ethical Trading Initiative relate to Intermedical and its supply chain.

Labour Standards are then assessed to ascertain which standards apply to either the company or our supply chain (suppliers & contractors). :

| Labour Standard | Country | Status |
|---|---|---|
| NHS LSAS Specification | UK | Compliant |
| NHS Supply Chain Code of Conduct | UK | Compliant |
| Equality Act 2010 | UK | Compliant |
| Public Interest & Disclosure Act 1998 | UK | Compliant |
| Bribery Act 2010 | UK | Compliant |
| Health & Safety at Work Act 1974 | UK | Compliant |
| Employment Act 2008 | UK | Compliant |
| Ethical Trading Initiative 2014 | UK | Compliant |

Labour Standards Status Reviews and Supplier Performance reviews are carried out as part of the LSAS internal audit process on an annual basis. All results are recorded in the Approved Supplier List.

**THESE MINIMUM LABOUR STANDARDS ARE DETAILED BELOW:**

**1. Child Labour**

The Company does not engage in or support the use of child labour, defined as labour that:

- Is mentally, physically, socially or morally dangerous and harmful to children.
- Interferes with their schooling by.
- Depriving them of the opportunity to attend school.
- Obliging them to leave school prematurely.
- Requiring them to attempt to combine school attendance with excessively long and heavy work.
- If young workers are engaged for the purpose of work experience, then appropriate checks will be carried out to ensure they are not exposed to any harmful conditions and working day is limited to 8 hours.

**2. Forced & Compulsory Labour**

Intermedical shall not engage in or support the use of forced or compulsory labour, or bonded or involuntary prison labour. Employees are free to leave upon reasonable notice.

## 4. Legal & Other Requirements

This procedure has been established to help ensure applicable/relevant legislative and/or voluntary obligations pertinent to employment, welfare, human rights, ethical procurement, equality, discrimination etc. are either available or accessible to staff, and to maintain Intermedical awareness of those labour standards requirements.

It is also a Intermedical requirement for our company to comply with all UK laws and, to influence our suppliers wherever practicable, that they too need to conform to employment legislation as a requisite to supply Intermedical with goods and/or services.

It is the responsibility of the Management Representative to periodically review these requirements, to confirm our ongoing compliance. In addition, future/proposed changes in legislation will also be identified during that review, and records retained. It is also the responsibility of the Quality Analyst that those identified requirements (listed below) are kept up to date.

The sources used to identify and review applicable legislation typically are as follows:

- Advisory, Conciliation and Arbitration Service HSE (Health & Safety Executive)
- UK Government Employing People Business & Human Rights Resource Centre Ethical Trading Initiative
- International Labour Organization
- United Nations Global Compact Office of the High Commissioner Business for Social Responsibility

- British Medical Association
- National Health Service National Archives

Web Site Sources:
www.hse.gov.uk
www.gov.uk
www.business-humanrights.org
www.ethicaltrade.org
www.ilo.org
www.nhs.uk
www.legislation.gov.uk

This procedure also identifies information on relevant employment and human rights legislation and other requirements as they apply to our direct operations, suppliers and other parties in the supply chain. Those identified include:

1. ETI Base Code (& overseas)
2. Labour Standards Assurance System
3. Health & Safety at Work Act 1974
4. Bribery Act 2010
5. Environmental Protection Act 1990
6. Equality Act 2010 (as amended 2012)
7. NHS Supply Chain - Supplier Code of Conduct
8. BMA Ethical Procurement for General Practitioners
9. FCPA The Foreign Corrupt Practices Act of 1977

The relevant control document for our suppliers is the INTERMEDICAL Supplier Questionnaire which requires the supplier to confirm that they comply with their national laws.

**All documentation associated with Section 4 Legal & Other Requirements of our LSAS policy is filed in country specific sections. File Name: LSAS Section 4 - Legal & Other Requirements Documentation.**

Note 1: Our examples are not intended to be exhaustive; however, they do provide a good foundation to help ensure that throughout our supply chain, labour abuses are not perpetrated. All of these examples

are indeed available to our staff to help them understand, and if relevant to their role, how they might apply to them.

Note 2: Up to date versions of each requirement can be accessed from the various applicable web sites listed above.

Note 3: In addition, other documents & records may also be in place to support compliance, for example employees Contract of Employment; NHS Country Profiles etc.

Note 4: There is a wide variety of other regulations within the employment sector, which will be

addressed if an incident (labour abuse) occurs within our supply chain and any corrective actions put in place if appropriate.

## 5. Objectives, Targets & Programs

Intermedical has established several objectives and targets which are outlined within our Business Ethics Policy.

These objectives shall be maintained by a monitoring program to ensure they are implemented effectively. The ongoing monitoring shall form part of the company's internal audit program which is listed on the Internal Audit Plan.

These LSAS objectives, which have been agreed with the Commercial Director, when practicable have a plan of action in place to demonstrate how these targets may be achieved.

| No | Objective | Action Plan & Update. |
|---|---|---|
| POLICY | The labour standards and policy requirements Intermedical is committed to, both internally and throughout its supply chain. | To launch our LSAS policy within the organization and make available on request.<br><br>**Complete.** |
| LEGAL AND OTHER REQUIREMENTS | The procedure(s) the organization has in place to:<br>Identify information on relevant employment and human rights legislation and other requirements as they apply to its direct operations, contractors, sub-contractors, suppliers and parties in the supply chain.<br>Communicate this information to staff with responsibility for labour standards assurance. | To establish a way of identifying the legal requirements in areas of the supply chain which are known to be of elevated risk and also a way of maintaining a current understanding of relevant employment legislation.<br><br>**Ongoing** |
| OPERATIONAL CONTROL | The processes, procedures and systems the organization has in place to manage labour standards through its direct operations (including both mitigating the risk of non-compliance and driving improvement). This will include how the organization manages its critical control points | To document a process for critical control points - supplier approval and site visits - for those suppliers purchasing/manufacturing from high risk countries. And begin to implement them into the business processes.<br><br>**Complete: Emergency & Critical Issue Response** |

| | | |
|---|---|---|
| PERFORMANCE MONITORING AND MEASUREMENT | The procedures the organization has in place to collect appropriate information in order to monitor and measure performance in relation to:<br>Its stated objectives and targets<br>Compliance with relevant legislation and any other requirements that it subscribes to<br>Conformance to planned arrangements for labour standards assurance | To develop a system that allows us to regularly monitor our compliance to our objectives, targets and relevant legislation. A system that will allow us to identify critical dates and flag action points relating to supplier performance.<br><br>**Ongoing**<br>**Measurement, Analysis & Improvement**<br>**Objective Compliance**<br>**LSAS Annual Review Data** |
| CORRECTIVE ACTION | The procedures the organization has established in order to manage actual and potential non-conformities to its own labour standards assurance systems, including corrective and preventative action. | To demonstrate the procedures we have established, and are using, to manage both actual and potential non-conformities to our labour standards assurance systems, including corrective and preventative action and document action plans to mitigate and manage any risks that may arise. This would build further on the incorporation of risk assessments into the new<br><br>Complete: Emergency & Critical Issue Response |

These objectives shall also be reviewed at the both at Management Review Meetings

# 6. Roles & Responsibilities

This procedure should be read in-conjunction with the company's Quality Management System Manual.
Responsibilities:

**MANAGING/FINANCIAL DIRECTOR**

To ensure the availability of adequate resources to establish, maintain and continually improve the LSAS. This shall include the appointment of International Associates as an external verifier.

**ADMINISTRATIVE/ACTING MANAGING DIRECTOR and OPERATIONS/QUALITY MANAGER**

Supplier Management through the LSAS guidelines
To liaise with suppliers to gather required empirical evidence
Supplier Management through the LSAS guidelines
Oversight in Commercial Directors absence
Overall responsibility to ensure objectives are met
To carry out internal audits, report on the findings.

The LSAS program shall be communicated internally which includes issuing LSAS related policies. In addition, the relevant policies shall also be sent out to all suppliers.

Roles and responsibilities are reviewed at the annual management review meeting.

## 7. Competence, Training & Awareness

This procedure should be read in-conjunction with our Quality Management System PRO-12

Training records are recorded for LSAS and in the LSAS Training File

Initial training and awareness have been conducted throughout the organization to raise awareness of the required labour standards.

Business Ethics and LSAS is addressed at our annual company meeting:

- Business Ethics Policy
- Initial LSAS awareness
- LSAS Company policies
- Ethical Trading Initiative Base Code
- LSAS Specification
- Objectives & targets

Acknowledgement of this information was recorded to confirm employee compliance with the policy.

Additional training to gain greater competence can be arranged on a case by case basis dependent on how the staff member can have an influence on labour standards.

Training Plans for each year (needs assessment) are documented in the 'LSAS Training Schedule' which are reviewed at each LSAS Management Meeting.

**All Staff (as detailed in section 6) who are directly involved in the Management of LSAS will be reviewed annually in their respective Performance Reviews and any additional training and development steps identified to ensure compliance and development of the LSAS is maintained. Once training is completed by LSAS Responsible people, it is recorded and signed off by the Managing Director.**

## 8. Communications

This Communications Procedure has been established to ensure effective & appropriate communication is in place for internal communication; receiving & responding to correspondence from interested parties relating to labour standards and the external communication carried out by Intermedical in relation to the practices and performance of our labour standards.

Interested parties could include legislators, regulators, customers, suppliers, enforcement agencies, Certification Bodies; Notified Bodies, Competent Authorities, Local Authorities, Trade Unions, Lobbying Groups, Department of Employment, etc.

Key communication issues shall be reviewed at the Management Review meeting.

We shall receive and respond to allegations, complaints or other alerts about labour standards issues as part of our whistle blowing procedures.

As Intermedical is a small business, there have been no formal internal communication channels set up such as employee satisfaction surveys and staff forums. However, all staff are encouraged to discuss labour standards issues between themselves and with the Management Team.

This LSAS Policy is published on the company's external web site as evidence of our labour standards program.

## 9. Documentation & Records

The objective of these processes and procedures is to drive continual improvement throughout both the company and our supply chain.

To demonstrate compliance with the NHS LSAS Specification, this Labour Standards Assurance Manual ref XXXXXX has been established.

As an integral part of managing these activities Intermedical shall wherever practicable, mitigate the risks of non-compliance.

Our documentation is also used to manage its Critical Control Points (CCP) that could have an impact (positively or negatively) on labour standards. Typically, these could include:

| N | Critical Control | Impact on Labour | Operational Control |
|---|---|---|---|
| 1 | Appointing New Supplier | Supplier does not have in place adequate labour standards | Risk Assessment |
| 2 | Identifying non-conformance & agreeing corrective | Potentially improving labour standards | Record on Supplier Log |
| 3 | Carrying out Supplier Performance Review | Identified gaps in the supplier's documentation which may pose additional risks to labour standards | Supplier Workplace Assessment |
| 4 | The company being subject to external verification | Lack of adequate resources to maintain the LSAS | Independent LSAS Certification Body Report of Findings |

Policies and forms shall be recorded on the on the Intermedical Folder labelled LSAS

All document changes / updates are controlled our QMS system for change control.

## 10. Operational Control

This operational control process shall also consider the method in which we manage our critical control points.

Within our documentation & records section 9, critical control points (CCP) have been identified and the associated risks have been listed. These CCP include:

Appointing New Supplier
Identifying non-conformance & agreeing corrective actions
Carrying out Supplier Performance Review
The company being subject to external verification

All audit results from LSAS Supplier Questionnaires are recorded in the Approved Supplier list In addition to the above, other critical control points may be identified during our Labour Standards Status Review process.
**Periodically critical control points shall be verified in the management review meeting by the senior manager.**

## 11. Supply Chain Management

This procedure should be read in-conjunction with our New Supplier Creation and Approval process, Ordering and Receiving of goods.

Those parties that are involved in the supply chain are generally included on the Approved Suppliers List

Information has been collected relating to our supplier's labour standards performance utilizing our Risk Assessment Questionnaire. Key suppliers have been identified from the Approved Suppliers List and transferred to the Approved Suppliers list.

Any issues identified as part of the risk assessments or audits will be recorded in the corrective action to highlight the fact that we need to respond to the information gathered.

Data received from the supply chain is then risk assessed to determine a suppliers continued suitability.

If necessary, any issues would be highlighted by the Managing Director at the management review meetings with a decision reached on further action.

When applicable other information shall be sent to members of the supply chain such as the ETI Base Code and our Bribery & Corruption Policy etc.

The country of origin of each supplier has been recorded on the Supplier Questionnaire

Periodically we reserve the right to request additional evidence of labour standards compliance. Examples could include obtaining a copy of their workers contract of employment template from suppliers manufacturing in high risk areas.

During the verification of supplier performance, if any non-conformances are identified, the corrective action process should be followed (section 14).

## 12. Emergency & Critical Issue Response

Intermedical shall identify and document responses to significant labour standards issues & risks.

The procedure adopted shall be appropriate to the issue and reflect the current risks. This shall be achieved by evaluating any action taken during a periodic review.

Typical significant risks & issues include:

- Migrant workers -ostracized and discriminated against
- Dormitories - sub-standard lodgings provided to workers with poor safety and hygiene
- Failure of minimum wage payment - being paid a lower wage than nationals
- Double bookkeeping - factory workers working long hours is hidden data in separate books
- Unpaid internships - potential for forced labour
- Controlled trade unions - little freedom of collective bargaining
- Corruption - employees paid to "turn a blind eye" to unsafe practices
- Deterioration in the environment - water pollution amongst others
- Breach in labour laws & standards - non-compliance with LSAS

Dependent on the criticality or significance of the issue, Intermedical will put in place a basic plan for each matter. These plans could also be created as a result of a status review (section 3) where a supplier is declared to be manufacturing in a high-risk area.

A number of methods to manage escalations could be adopted in the plan including:

1. Any risk identified shall be assessed using Supplier Management Tracker, following Section 12 of LSAS Emergency and Critical Issue Response.
2. Ascertain whether the breach is major or minor (view ETI base code corrective action for clarification) Raise a non-conformance on our internal database and discuss corrective actions with the supplier. All agreements should be documented, and copy sent to the supplier and logged against their account.
3. Commence seeking alternative supplier if the existing approved supplier does not implement corrective action in a timely manner.
4. Inform the suppliers/contractors ISO 9001 Certification Body or its ISO 13485 Notified Body to carry out an unannounced visit relating to the organization’s responsibilities of senior management.
5. Notify the relevant national enforcement office to intervene.
6. Delist the supplier/contractor from our Approved List of Suppliers.

Note: If an existing supplier is at risk of being delisted, the office administrators shall be informed to check with the Managing Director prior to placing any additional orders with that supplier.

## 13. Performance Monitoring & Measurement

Data shall be gathered to monitor and measure our stated objectives & targets (section 5); compliance with legislation & other requirements (section 4); and conformance to planned arrangements (section 3).

The following data shall be subject to review:

Number of prosecutions
Number of employee tribunals
Number of enforcement notices
Number of non-conformances
Number of document changes
Number of issues documented within the supply chain
Number of supplier assurance questionnaires returned
Number of objectives and targets achieved
Number of conformances
Number of requests for information relating our labour standards performance
Number of risk assessments carried out & their results
Number of labour standards abuses including near misses
Number of observations for improvement documented during internal & external audits

Internal Audits are carried out annually and the outcome is reviewed as part of the LSAS element of the management review meeting. The Director reports on LSAS performance as part of his Business Ethics update to the Top Management Team.

It is our policy to ensure continual improvement and to demonstrate this any observations for improvement will be recorded.

## 14. Corrective Actions (CAPA)

Any correctives actions taken shall be recorded on our CAPA system

Any issues noted relating to our suppliers or other parties will generally be addressed in section 11 above relating to Supply Chain Management. In those situations, corrective actions shall be recorded on our internal database.

As with our Quality Management System, once a corrective and/or preventive action has been agreed, time scales and responsibilities shall be defined.

Major Non-Conformance: Action - Immediate to One Month (dependent on criticality)

Minor Non-Conformance: Action - No more than Three Months

Observations for Improvement: Action - Dependent on issue, all outcomes will be recorded

The company shall wherever practicable identify the root cause of any issues of non-conformities raised.

## 15. Management Review

LSAS Management Team meet quarterly to review our compliance against our policy and assess any areas for development and improvement ensuring its continuing suitability, adequacy and effectiveness. Minutes of LSAS meetings are filed in the LSAS file system.

Minutes of the previous management review meeting shall be reviewed and confirmed as accurate prior to the commencement of the current meeting. Any outstanding issues shall be addressed as required.

The meeting reviews the following topics:

- Ethical Labour Standards Policy & the Procurement & Supply Chain Policy
- Confirm that the duties of the Management Representative have been accomplished
- Review the status of our Labour Standards
- Check Legal & Other Requirements remain current; also review future legislation
- Monitoring Objectives & Targets; confirm effective programs in place
- Review employee's roles & responsibilities; verify adequate resources are available
- Check Training, Competence & Awareness of LSAS; ensure initial training has been effective
- Evaluate Internal & External Communication, including whistle blowers process
- Assess the Documents & Records Procedure; confirm compliance with LSAS requirements
- Review Operational Control, and Critical Control Points
- Assess the Management of our Supply Chain; check Supplier Assurance Questionnaire is in place
- Review Emergency & Critical Issue Response; check labour issues & risks assessments
- Monitor & Measure our LSAS Performance, check compliance with legislation
- Consider Corrective Action, and Preventive Action if applicable
- Review Internal Audit Reports (if applicable); consider other internal checks on system
- Finally confirm continued suitability, adequacy & effectiveness of the LSAS for Intermedical Outcomes
- Confirmation that the Director has approved all LSAS related Policies
- Confirmation that future plans for the LSAS have also been approved by the Director
- Creation of Meeting Minutes for the current LSAS Management Review Meeting
- List Action Points discussed at the meeting (if any) in the Improvement Log
- Confirm Continual Improvement of the LSAS is in place.

These minutes will be distributed to the relevant Teams.