

**Prompt Supplier Payment Action Plan****Originally Prepared September 2019****Latest Update: July 2024****I. Background and Scope of this Document**

AtkinsRéalis UK Limited and its fellow UK-based subsidiaries of the AtkinsRéalis Group Inc. (previously known as SNC-Lavalin Group Inc.) are committed to paying all suppliers to terms. The standard payment terms in operation are 30 days from date of invoice. None of our suppliers have longer terms.

This commitment has been reinforced by our membership of the [Prompt Payment Code](#), to which the company became a signatory in 2012.

By virtue of size, the following group companies have a statutory duty to report of payment practices and performance on a six-monthly basis, as prescribed by [Department for Business, Energy & Industrial Strategy Reporting Guidance](#):

- AtkinsRéalis UK Limited.
- AtkinsRéalis UK International Limited.
- AtkinsRéalis PPS Limited.
- AtkinsRéalis Rail & Transit Limited.

Since the statutory reporting obligation commenced the reports published have demonstrated good progress. In seven out of the eight six-month periods ended 30 June 2024 we have met the benchmark of paying at least 95% of supplier invoices within 60 days of invoice receipt date, as set out by the Prompt Payment Code. This includes the most recent period (the six months ended 30th June 2024). However, because our margin in meeting the benchmark has been relatively small, we have maintained this Action Plan and will continue to monitor progress.

Furthermore, we are in the process of tackling the relatively new Prompt Payment Code requirement to pay 95% of small company (< 50 employees) invoices within 30 days. This is a more challenging benchmark, and we are looking at ways to improve our performance against it.

Section II below covers the development of our Plan and the actions in hand.

## **II. Analysis of Reasons for Originally Missing the 95% 'All Suppliers' Benchmark and Related Actions**

Our Finance Shared Services Centre completed a detailed analysis of the reasons for originally missing the 95% benchmark. The main reasons are summarised as follows, along with the actions taken to address each:

### **1. Frequency of Supplier of BACS Payment Runs**

We settle almost all supplier invoices by means of a BACS\* payment run. Historically these payment files have been created and processed once each week. The seven-day interval between payment runs has meant inherent payment delays.

\*Bankers' Automated Clearing Services

#### **Action:**

We have changed the scheduling of BACS payment runs. These are now processed **daily** and take into account the two-day time lag between BACS payment and receipt.

Furthermore, if an invoice falls due at a weekend, we aim for the supplier to receive the funds on the preceding Friday.

#### **Update / Status:**

Action complete.

### **2. Delays in 'Receipting' against Purchase Orders**

A significant proportion of our supplier invoices are approved automatically by means of 'three-way-matching'. This entails processing a Goods Received Note (GRN) when goods, or in some cases services, are delivered ('receipting'). When the purchase invoice is subsequently received by our Finance Shared Services Centre, the processor seeks to

match the invoice against the original order and the GRN. On confirming a match, the purchase invoice is posted to our Finance system and scheduled for payment.

We have identified that the 'receipting' process does not always happen on a timely basis. This means that when our Finance Shared Services Centre processes the invoice, the processor is unable to find a match and is required to send query to the order originator via our electronic 'work flow' system. There is sometimes a significant time lag before a query response is received and the GRN raised. The delay can lead to late payment of the invoice.

Furthermore, we have identified some shortcomings in the way our IT processes function in relation to the management of 'work flowed' queries.

**Action:**

We have commenced a project to improve the timeliness of receipting. This will involve process changes in certain parts of our business. Responsibilities will be clarified and reinforced.

Additionally, we are in the process of implementing a new database to expedite the follow-up of work flowed queries.

**Update / Status:**

We have improved our reporting and follow-up processes, as planned. We will continue to monitor this area closely.

**3. Delays in Matching of Purchase Invoices to Timesheets**

A proportion of our purchase invoices relate to costs which are recognised by means of timesheet input in respect of temporary agency workers and consultants. This is a means of ensuring that costs are appropriately allocated to projects within our Finance system. On subsequent receipt of the related purchase invoice, our Finance Shared Services Centre checks the time charged and the hourly rate. On confirming a match, the purchase invoice is posted to our Finance system and scheduled for payment.

Where there is a mismatch of hours charged or hourly rate, a 'work flow' query is processed in the same way as described in 2 above.

Our analysis has indicated that there is sometimes a significant delay in responding to and following up queries.

**Action:**

Our Finance Services Centre is currently reviewing its internal 'chasing' processes and will also issue some targeted communications to the business units responsible for the largest volume of delays.

**Update / Status:**

We have improved our follow-up processes and communicated with the relevant internal teams, as planned. We have also centralised certain processes, which has proved beneficial.

### III. Reporting and Monitoring of Progress

Our Finance Shared Services team has established a regular reporting routine to monitor progress on improving the:

- Matching shortcomings described in 2 and 3 above; and
- Overall promptness of payments across our supplier base

These reports are reviewed monthly within our Finance function. Where requested, they are also provided to our Business Sector Risk & Audit Committee for oversight purposes.

**Updated Plan Approved by:**



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Jo Jarman

**Finance Director, UK & Europe**