

Action Plan for Prompt Payment of Suppliers

Together to Net Zero.



Action Plan for Prompt Payment of Suppliers

Dalkia aims to pay all suppliers and subcontractors to the contractual terms that have been agreed between both parties, and every effort is made to ensure that this is achieved. The business only pays invoices that satisfy all internal control processes. To achieve this, each invoice needs to have a valid purchase order, the invoice detail is accurate, and adequate supporting documentation is provided with the invoice to ensure it can be approved by relevant company personnel. All invoices that have satisfied the above control procedures will be paid to terms, or sooner.

Dalkia has implemented the Tradex Causeway system which automates the purchase order and invoice process through Electronic Data Interchange (EDI) with the aim of ensuring the prompt payment of suppliers / subcontractors and reducing administrative time. This system is widely used within the construction and facilities management industries.

Furthermore, if an invoice is less than £250 and all control processes have been satisfied, the business will pay the balance due immediately, which may be before the invoice is contractually due for payment. We do this to provide valuable support for SMEs.

Dalkia is also part of a supplier financing arrangement which is supported by EDF. This enables suppliers / subcontractors to draw down funds early (i.e. before the invoice is due), in return for paying a small interest charge.

1. Identification of the primary causes of failure to pay 95% of all supply chain invoices within 60 days.

- Incorrect amount shown on invoices received from suppliers / subcontractors
- No purchase order number quoted by supplier / subcontractor
- No supporting documentation provided by supplier / subcontractor
- Invoices sent in error and requiring credits from the suppliers / subcontractors
- Work incomplete – supplier / subcontractor has invoiced prematurely

2. Actions to address each of these causes.

- Letter issued to suppliers / subcontractors which set out the Procure to Pay (P2P) Process. Follow up communications and checks are sent to repeat offenders.
- Training is offered to suppliers / subcontractors to ensure –
 - Valid purchase order numbers are correctly shown on invoices
 - Understanding the importance of sending invoices with the correct values,
 - No more than one invoice at a time is uploaded on the Tradex Causeway system
- Training is also provided to Dalkia Contract Support Teams and Contract Managers to administer the P2P process.
- We are currently investigating different ways to reduce the number of invoices from our wholesaler suppliers. This will assist with payment to terms and a reduction in administration for all parties.

3. A mechanism for and commitment to regular reporting on progress to the bidder's audit committee (or equivalent).

Six monthly update from Dalkia Finance Director that coincides with the Government's requirement for reporting.

4. Plan signed off by director.



Darren Kidson, Financial Director

5. Plan published on its website.

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